

FAR EAST BANK AND TRUST COMPANY, PETITIONER, VS. ESTRELLA O. QUERIMIT, RESPONDENT.*G.R. No. 148582. January 16, 2002*

Ponente: MENDOZA, J.

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This is a petition for review on certiorari seeking review of the decision, dated March 6, 2001, and resolution, dated June 19, 2001, of the Court of Appeals[1] in CA-G.R. CV No. 67147, entitled “Estrella O. Querimit v. Far East Bank and Trust Company,” which affirmed with modification the decision of the Regional Trial Court, Branch 38, Manila,[2] ordering petitioner Far East Bank and Trust Co. (FEBTC) to allow respondent Estrella O. Querimit to withdraw her time deposit with the FEBTC.

The facts are as follows:

Respondent Estrella O. Querimit worked as internal auditor of the Philippine Savings Bank (PSB) for 19 years, from 1963 to 1992.[3] On November 24, 1986, she opened a dollar savings account in petitioner’s Harrison Plaza branch,[4] for which she was issued four (4) Certificates of Deposit (Nos. 79028, 79029, 79030, and 79031), each certificate representing the amount of \$15,000.00, or a total amount of \$60,000.00. The certificates were to mature in 60 days, on January 23, 1987, and were payable to bearer at 4.5% interest per annum. The certificates bore the word “accrued,” which meant that if they were not presented for encashment or pre-terminated prior to maturity, the money deposited with accrued interest would be “rolled over” by the bank and annual interest would accumulate automatically.[5] The petitioner bank’s manager assured respondent that her deposit would be renewed and earn interest upon maturity even without the surrender of the certificates if these were not indorsed and withdrawn.[6] Respondent kept her dollars in the bank so that they would earn interest and so that she could use the fund after she retired.[7]

In 1989, respondent accompanied her husband Dominador Querimit to the United States for medical treatment. She used her savings in the Bank of the Philippine Islands (BPI) to pay for the trip and for her husband’s medical expenses.[8] In January 1993, her husband died and Estrella returned to the Philippines. She went to petitioner FEBTC to withdraw her deposit but, to her dismay, she was told that her husband had withdrawn the money in deposit.[9] Through counsel, respondent sent a demand letter to petitioner FEBTC. In another letter, respondent reiterated her request for updating and payment of the certificates of deposit, including interest earned.[10] As petitioner FEBTC refused respondent’s demands, the latter filed a complaint, joining in the action Edgardo F. Blanco, Branch Manager of FEBTC Harrison Plaza Branch, and Octavio Espiritu, FEBTC President.[11]

Petitioner FEBTC alleged that it had given respondent’s late husband Dominador an “accommodation” to allow him to withdraw Estrella’s deposit.[12] Petitioner presented certified true copies of documents showing that payment had been made, to wit:

- Four FEBTC Harrison Plaza Branch Dollar Demand Drafts Nos. 886694903, 886694904, 886694905 and 886694906 for US\$15,110.96 each, allegedly issued by petitioner to respondent’s husband Dominador after

payment on the certificates of deposit;[13]

- A letter of Alicia de Bustos, branch cashier of FEBTC at Harrison Plaza, dated January 23, 1987, which was sent to Citibank, N.A., Citibank Center, Paseo de Roxas, Makati, Metro Manila, informing the latter that FEBTC had issued the four drafts and requesting Citibank New York to debit from petitioner's account \$60,443.84, the aggregate value of the four drafts;[14]

- "Citicorp Remittance Service: Daily Summary and Payment Report" dated January 23, 1987;[15]

- Debit Ticket dated January 23, 1987, showing the debit of US\$60,443.84 or its equivalent at the time of P1,240,912.04 from the FEBTC Harrison Plaza Branch;[16] and

- An Interbranch Transaction Ticket Register or Credit Ticket dated January 23, 1987 showing that US\$60,443.84 or P1,240,912.04 was credited to petitioner's International Operation Division (IOD).[17]

On May 6, 2000, the trial court rendered judgment for respondent. The dispositive portion of the decision stated:

WHEREFORE, judgment is hereby rendered in favor of plaintiff [Estrella O. Querimit] and against defendants [FEBTC et al.]:

- ORDERING defendants to allow plaintiff to withdraw her U.S.\$ Time Deposit of \$60,000.00 plus accrued interests;

- ORDERING defendants to pay moral damages in the amount of P50,000.00;

- ORDERING defendants to pay exemplary damages in the amount of P50,000.00;

- ORDERING defendants to pay attorney's fees in the amount of P100,000.00 plus P10,000.00 per appearance of counsel; and

- ORDERING defendants to pay the costs of the suit.

SO ORDERED.[18]

On May 15, 2000, petitioner appealed to the Court of Appeals which, on March 6, 2001, affirmed through its Fourteenth Division the decision of the trial court, with the modification that FEBTC was declared solely liable for the amounts adjudged in the decision of the trial court. The appeals court stated that petitioner FEBTC failed to prove that the certificates of deposit had been paid out of its funds, since "the evidence by the [respondent] stands un rebutted that the subject certificates of deposit until now remain unindorsed, undelivered and unwithdrawn by [her]."[19] But the Court of Appeals held that the individual defendants, Edgardo F. Blanco, FEBTC-Harrison Plaza Branch Manager, and Octavio Espiritu, FEBTC President, could not be held solidarily liable with the FEBTC because the latter has a personality separate from its officers and stockholders.[20]

Hence this appeal.

As stated by the Court of Appeals, the main issue in this case is whether the subject certificates of deposit have already been paid by petitioner.[21] Petitioner contends that-

- Petitioner is not liable to respondent for the value of the four (4) Certificates of Deposit, including the interest thereon as well as moral and exemplary damages, attorney's and appearance fees.

- The aggregate value - both principal and interest earned at maturity - of the four (4) certificates of deposit was already paid to or withdrawn at maturity by the late Dominador Querimit who was the respondent's deceased husband.

- Respondent is guilty of laches since the four (4) certificates of deposit were all issued on 24 November 1986 but she attempted to withdraw their aggregate value on 29 July 1996 only on or after the lapse of more than nine (9) years and eight (8) months.
- Respondent is not liable to petitioner for attorney's fees.[22]

After reviewing the records, we find the petition to be without merit.

First. Petitioner bank failed to prove that it had already paid Estrella Querimit, the bearer and lawful holder of the subject certificates of deposit. The finding of the trial court on this point, as affirmed by the Court of Appeals, is that petitioner did not pay either respondent Estrella or her husband the amounts evidenced by the subject certificates of deposit. This Court is not a trier of facts and generally does not weigh anew the evidence already passed upon by the Court of Appeals.[23] The finding of respondent court which shows that the subject certificates of deposit are still in the possession of Estrella Querimit and have not been indorsed or delivered to petitioner FEBTC is substantiated by the record and should therefore stand.[24]

A certificate of deposit is defined as a written acknowledgment by a bank or banker of the receipt of a sum of money on deposit which the bank or banker promises to pay to the depositor, to the order of the depositor, or to some other person or his order, whereby the relation of debtor and creditor between the bank and the depositor is created. The principles governing other types of bank deposits are applicable to certificates of deposit,[25] as are the rules governing promissory notes when they contain an unconditional promise to pay a sum certain of money absolutely.[26] The principle that payment, in order to discharge a debt, must be made to someone authorized to receive it is applicable to the payment of certificates of deposit. Thus, a bank will be protected in making payment to the holder of a certificate indorsed by the payee, unless it has notice of the invalidity of the indorsement or the holder's want of title.[27] A bank acts at its peril when it pays deposits evidenced by a certificate of deposit, without its production and surrender after proper indorsement.[28] As a rule, one who pleads payment has the burden of proving it. Even where the plaintiff must allege non-payment, the general rule is that the burden rests on the defendant to prove payment, rather than on the plaintiff to prove payment. The debtor has the burden of showing with legal certainty that the obligation has been discharged by payment.[29]

In this case, the certificates of deposit were clearly marked payable to "bearer," which means, to "[t]he person in possession of an instrument, document of title or security payable to bearer or indorsed in blank." [30] Petitioner should not have paid respondent's husband or any third party without requiring the surrender of the certificates of deposit.

Petitioner claims that it did not demand the surrender of the subject certificates of deposit since respondent's husband, Dominador Querimit, was one of the bank's senior managers. But even long after respondent's husband had allegedly been paid respondent's deposit and before his retirement from service, the FEBTC never required him to deliver the certificates of deposit in question.[31] Moreover, the accommodation given to respondent's husband was made in violation of the bank's policies and procedures.[32]

Petitioner FEBTC thus failed to exercise that degree of diligence required by the nature of its business.[33] Because the business of banks is impressed with public interest, the degree of diligence required of banks is more than that of a good father of the family or of an ordinary business firm. The fiduciary nature of their relationship with their depositors requires them to treat the accounts of their clients with the highest degree of care.[34] A bank is under obligation to treat the accounts of its depositors with meticulous care whether such accounts consist only of a few hundred pesos or of millions of pesos. Responsibility arising from negligence in the performance of every kind of obligation is demandable.[35] Petitioner failed to prove payment of the subject certificates of deposit issued to the respondent and, therefore, remains liable for the value of the dollar deposits indicated

thereon with accrued interest.

Second. The equitable principle of laches is not sufficient to defeat the rights of respondent over the subject certificates of deposit.

Laches is the failure or neglect, for an unreasonable length of time, to do that which, by exercising due diligence, could or should have been done earlier. It is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it.[36]

There is no absolute rule as to what constitutes laches or staleness of demand; each case is to be determined according to its particular circumstances. The question of laches is addressed to the sound discretion of the court and, being an equitable doctrine, its application is controlled by equitable considerations. It cannot be used to defeat justice or perpetrate fraud and injustice. Courts will not be guided or bound strictly by the statute of limitations or the doctrine of laches when to do so, manifest wrong or injustice would result.[37]

In this case, it would be unjust to allow the doctrine of laches to defeat the right of respondent to recover her savings which she deposited with the petitioner. She did not withdraw her deposit even after the maturity date of the certificates of deposit precisely because she wanted to set it aside for her retirement. She relied on the bank's assurance, as reflected on the face of the instruments themselves, that interest would "accrue" or accumulate annually even after their maturity.[38]

Third. Respondent is entitled to moral damages because of the mental anguish and humiliation she suffered as a result of the wrongful refusal of the FEBTC to pay her even after she had delivered the certificates of deposit.[39] In addition, petitioner FEBTC should pay respondent exemplary damages, which the trial court imposed by way of example or correction for the public good.[40] Finally, respondent is entitled to attorney's fees since petitioner's act or omission compelled her to incur expenses to protect her interest, making such award just and equitable.[41] However, we find the award of attorney's fees to be excessive and accordingly reduce it to P20,000.00.[42]

WHEREFORE, premises considered, the present petition is hereby DENIED and the Decision in CA-G.R. CV No. 67147 AFFIRMED, with the modification that the award of attorney's fees is reduced to P20,000.00.

SO ORDERED.

Bellosillo, (Chairman), Quisumbing, Buena, and De Leon, Jr., JJ., concur.

[1] Per Associate Justice Martin S. Villanueva, Jr. and concurred in by Associate Justices Conrado M. Vasquez, Jr. and Perlita J. Tria Tirona.

[2] Per Judge Leocadio H. Ramos, Jr.

[3] TSN (Estrella Querimit), pp. 4-5, Oct. 3, 1997.

[4] Id., pp. 5-6; TSN (Estrella Querimit), pp. 6-17, Nov. 4, 1998.

[5] TSN (Estrella Querimit), pp. 6-11, Oct. 3, 1997; TSN (Estrella Querimit), p. 11, Nov. 4, 1998; Exhs. A, B, C, D (Certificates of Deposit).

[6] TSN (Estrella Querimit), p. 17, Oct. 3, 1997.

[7] TSN (Estrella Querimit), p. 18, Oct. 3, 1997; TSN (Estrella Querimit), p. 15, Nov. 4, 1997.

- [8] TSN (Estrella Querimit), pp. 18-20, Nov. 4, 1997.
- [9] TSN (Estrella Querimit), p. 11, Oct. 3, 1997; TSN (Estrella Querimit), pp. 9-22, Nov. 4, 1998.
- [10] TSN (Estrella Querimit), pp. 11-16, Oct. 3, 1997; Records, pp. 8-9 (Letters of Demand dated July 29, 1996 and Aug. 2, 1996).
- [11] Records, pp. 1-5.
- [12] Petition, p. 15; Rollo, p. 17; TSN (Tomas Silva), pp. 14-20, Dec. 4, 1997.
- [13] Exhs. 1, 2, 3, 4, 10, 11, 12, and 13.
- [14] Exh. 6.
- [15] Exh. 5.
- [16] Exh. 7; TSN (Raoul Reniedo), pp. 38-40, April 30, 1998.
- [17] Exhs. 8, 9; id., pp. 40-50.
- [18] Records, pp. 305-311.
- [19] CA Decision, pp. 4-5; Rollo, pp. 43-44.
- [20] Id., p. 6; id., p. 45.
- [21] Id., p. 4; id., p. 43.
- [22] Petition, pp. 11-12; id., pp. 13-14.
- [23] Prudential Bank and Trust Company v. Reyes, G.R. No. 141093, Feb. 20, 2001; Langkaan Realty Development, Inc. v. United Coconut Planters Bank, G.R. No. 139437, Dec. 8, 2000; PAL Employees Savings and Loan Association, Inc. v. NLRC, 260 SCRA 758 (1996).
- [24] Wong v. Court of Appeals, G.R. No. 117857, Feb. 2, 2001.
- [25] 10 Am Jur 2d §455.
- [26] 10 Am Jur §457.
- [27] 10 Am Jur 2d §461.
- [28] Clark v. Young, 21 So.2d 331 (1944); Cohn-Goodman Co. v. People's Saving Bank of Grand Haven, 168 N.W. 1042 (1918).
- [29] Sevillana v. I.T. (International) Corp., G.R. No. 99047, April 16, 2001; Villar v. NLRC, 331 SCRA 686 (2000); Audion Electric Co., Inc. vs. NLRC, 308 SCRA 340 (1999); Ropali Trading Corporation v. NLRC, 296 SCRA 309 (1998); Pacific Maritime Services Inc. v. Ranay, 275 SCRA 717 (1997).
- [30] Black's Law Dictionary (5th ed., 1979), p. 140.
- [31] TSN (Alicia de Bustos), pp. 11-15, July 23, 1999.
- [32] TSN (Tomas de Silva), pp. 33-34, Dec. 4, 1997.
- [33] CIVIL CODE, Art. 1173.
- [34] Canlas v. Court of Appeals, 326 SCRA 415 (2000); Ibaan Rural Bank v. Court of Appeals, 321 SCRA 88

(1999); Philippine Bank of Commerce v. Court of Appeals, 269 SCRA 695 (1997); Metropolitan Bank and Trust Company v. Court of Appeals, 237 SCRA 761 (1994); Bank of the Philippine Islands v. Court of Appeals, 216 SCRA 51 (1992).

[35] Prudential Bank v. Court of Appeals, 328 SCRA 264 (2000); Philippine National Bank v. Court of Appeals, 315 SCRA 309 (1999); Metropolitan Bank and Trust Company v. Court of Appeals, 237 SCRA 761 (1994); Araneta v. Bank of America, 40 SCRA 144 (1971).

[36] Felizardo v. Fernandez, G.R. No. 137509, Aug. 15, 2001; Gabionza v. Court of Appeals, G.R. No. 140311, March 30, 2001; Avisado v. Rumbana, G.R. No. 137306, March 12, 2001; Republic v. Court of Appeals, 301 SCRA 366 (1999); PAL Employees Savings and Loan Association, Inc. v. NLRC, 260 SCRA 758 (1996).

[37] Rosales v. Court of Appeals, G.R. No. 137566, Feb. 28, 2001; Cometa v. Court of Appeals, G.R. No. 141855, Feb. 6, 2001; De Vera v. Court of Appeals, 305 SCRA 624 (1999).

[38] TSN (Estrella Querimit), pp. 6-11, Oct. 3, 1997; TSN (Estrella Querimit), p. 11, Nov. 4, 1998; Exhs. A, B, C, D (Certificates of Deposit).

[39] CIVIL CODE, Arts. 2217, 2219.

[40] Art. 2229.

[41] CIVIL CODE, Art. 2208.

[42] Catungal v. Hao, G.R. No. 134972, March 22, 2001; Batingal v. Court of Appeals, G.R. No. 128636, Feb. 1, 2001.

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