

FILIPINAS LIFE ASSURANCE COMPANY (now AYALA LIFE ASSURANCE, INC.), Petitioner, vs. CLEMENTE N. PEDROSO, TERESITA O. PEDROSO and JENNIFER N. PALACIO thru her Attorney-in-Fact PON...

G.R. No. 159489. February 04, 2008

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This petition for review on certiorari seeks the reversal of the Decision[1] and Resolution,[2] dated November 29, 2002 and August 5, 2003, respectively, of the Court of Appeals in CA-G.R. CV No. 33568. The appellate court had affirmed the Decision[3] dated October 10, 1989 of the Regional Trial Court (RTC) of Manila, Branch 3, finding petitioner as defendant and the co-defendants below jointly and severally liable to the plaintiffs, now herein respondents.

The antecedent facts are as follows:

Respondent Teresita O. Pedroso is a policyholder of a 20-year endowment life insurance issued by petitioner Filipinas Life Assurance Company (Filipinas Life). Pedroso claims Renato Valle was her insurance agent since 1972 and Valle collected her monthly premiums. In the first week of January 1977, Valle told her that the Filipinas Life Escolta Office was holding a promotional investment program for policyholders. It was offering 8% prepaid interest a month for certain amounts deposited on a monthly basis. Enticed, she initially invested and issued a post-dated check dated January 7, 1977 for P10,000.[4] In return, Valle issued Pedroso his personal check for P800 for the 8%[5] prepaid interest and a Filipinas Life “Agent’s Receipt” No. 807838.[6]

Subsequently, she called the Escolta office and talked to Francisco Alcantara, the administrative assistant, who referred her to the branch manager, Angel Apetrior. Pedroso inquired about the promotional investment and Apetrior confirmed that there was such a promotion. She was even told she could “push through with the check” she issued. From the records, the check, with the endorsement of Alcantara at the back, was deposited in the account of Filipinas Life with the Commercial Bank and Trust Company (CBTC), Escolta Branch.

Relying on the representations made by the petitioner’s duly authorized representatives Apetrior and Alcantara, as well as having known agent Valle for quite some time, Pedroso waited for the maturity of her initial investment. A month after, her investment of P10,000 was returned to her after she made a written request for its refund. The formal written request, dated February 3, 1977, was written on an inter-office memorandum form of Filipinas Life prepared by Alcantara.[7] To collect the amount, Pedroso personally went to the Escolta branch where Alcantara gave her the P10,000 in cash. After a second investment, she made 7 to 8 more investments in varying amounts, totaling P37,000 but at a lower rate of 5%[8] prepaid interest a month. Upon maturity of Pedroso’s subsequent investments, Valle would take back from Pedroso the corresponding yellow-colored agent’s receipt he issued to the latter.

Pedroso told respondent Jennifer N. Palacio, also a Filipinas Life insurance policyholder, about the investment plan. Palacio made a total investment of P49,550[9] but at only 5% prepaid interest. However, when Pedroso tried

to withdraw her investment, Valle did not want to return some P17,000 worth of it. Palacio also tried to withdraw hers, but Filipinas Life, despite demands, refused to return her money. With the assistance of their lawyer, they went to Filipinas Life Escolta Office to collect their respective investments, and to inquire why they had not seen Valle for quite some time. But their attempts were futile. Hence, respondents filed an action for the recovery of a sum of money.

After trial, the RTC, Branch 3, Manila, held Filipinas Life and its co-defendants Valle, Apetrior and Alcantara jointly and solidarily liable to the respondents.

On appeal, the Court of Appeals affirmed the trial court's ruling and subsequently denied the motion for reconsideration.

Petitioner now comes before us raising a single issue:

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR AND GRAVELY ABUSED ITS DISCRETION IN AFFIRMING THE DECISION OF THE LOWER COURT HOLDING FLAC [FILIPINAS LIFE] TO BE JOINTLY AND SEVERALLY LIABLE WITH ITS CO-DEFENDANTS ON THE CLAIM OF RESPONDENTS INSTEAD OF HOLDING ITS AGENT, RENATO VALLE, SOLELY LIABLE TO THE RESPONDENTS.[10]

Simply put, did the Court of Appeals err in holding petitioner and its co-defendants jointly and severally liable to the herein respondents?

Filipinas Life does not dispute that Valle was its agent, but claims that it was only a life insurance company and was not engaged in the business of collecting investment money. It contends that the investment scheme offered to respondents by Valle, Apetrior and Alcantara was outside the scope of their authority as agents of Filipinas Life such that, it cannot be held liable to the respondents.[11]

On the other hand, respondents contend that Filipinas Life authorized Valle to solicit investments from them. In fact, Filipinas Life's official documents and facilities were used in consummating the transactions. These transactions, according to respondents, were confirmed by its officers Apetrior and Alcantara. Respondents assert they exercised all the diligence required of them in ascertaining the authority of petitioner's agents; and it is Filipinas Life that failed in its duty to ensure that its agents act within the scope of their authority.

Considering the issue raised in the light of the submissions of the parties, we find that the petition lacks merit. The Court of Appeals committed no reversible error nor abused gravely its discretion in rendering the assailed decision and resolution.

It appears indisputable that respondents Pedroso and Palacio had invested P47,000 and P49,550, respectively. These were received by Valle and remitted to Filipinas Life, using Filipinas Life's official receipts, whose authenticity were not disputed. Valle's authority to solicit and receive investments was also established by the parties. When respondents sought confirmation, Alcantara, holding a supervisory position, and Apetrior, the branch manager, confirmed that Valle had authority. While it is true that a person dealing with an agent is put upon inquiry and must discover at his own peril the agent's authority, in this case, respondents did exercise due diligence in removing all doubts and in confirming the validity of the representations made by Valle.

Filipinas Life, as the principal, is liable for obligations contracted by its agent Valle. By the contract of agency, a person binds himself to render some service or to do something in representation or on behalf of another, with the consent or authority of the latter.[12] The general rule is that the principal is responsible for the acts of its agent done within the scope of its authority, and should bear the damage caused to third persons.[13] When the agent exceeds his authority, the agent becomes personally liable for the damage.[14] But even when the agent exceeds

his authority, the principal is still solidarily liable together with the agent if the principal allowed the agent to act as though the agent had full powers.[15] In other words, the acts of an agent beyond the scope of his authority do not bind the principal, unless the principal ratifies them, expressly or impliedly.[16] Ratification in agency is the adoption or confirmation by one person of an act performed on his behalf by another without authority.[17]

Filipinas Life cannot profess ignorance of Valle's acts. Even if Valle's representations were beyond his authority as a debit/insurance agent, Filipinas Life thru Alcantara and Apetrior expressly and knowingly ratified Valle's acts. It cannot even be denied that Filipinas Life benefited from the investments deposited by Valle in the account of Filipinas Life. In our considered view, Filipinas Life had clothed Valle with apparent authority; hence, it is now estopped to deny said authority. Innocent third persons should not be prejudiced if the principal failed to adopt the needed measures to prevent misrepresentation, much more so if the principal ratified his agent's acts beyond the latter's authority. The act of the agent is considered that of the principal itself. Qui per alium facit per seipsum facere videtur. "He who does a thing by an agent is considered as doing it himself." [18]

WHEREFORE, the petition is DENIED for lack of merit. The Decision and Resolution, dated November 29, 2002 and August 5, 2003, respectively, of the Court of Appeals in CA-G.R. CV No. 33568 are AFFIRMED.

Costs against the petitioner.

SO ORDERED.

Carpio, Carpio-Morales, Tinga, and Velasco, Jr., JJ., concur.

[1] Rollo, pp. 43-55. Penned by Associate Justice Renato C. Dacudao, with Associate Justices Eugenio S. Labitoria and Danilo B. Pine concurring.

[2] Id. at 56.

[3] Id. at 57-63. Penned by Judge Clemente M. Soriano.

[4] Records, p. 246.

[5] TSN, October 7, 1983, pp. 9-10.

[6] Records, p. 248.

[7] Id. at 247.

[8] Supra note 5.

[9] Records, pp. 253-264.

[10] Rollo, p. 108.

[11] Id. at 109.

[12] CIVIL CODE, Art. 1868.

[13] Lopez, et al. v. Hon. Alvendia, et al., 120 Phil. 1424, 1431-1432 (1964).

[14] BA Finance Corporation v. Court of Appeals, G.R. No. 94566, July 3, 1992, 211 SCRA 112, 118.

[15] CIVIL CODE, Art. 1911.

[16] Id., Art. 1910. The principal must comply with all the obligations which the agent may have contracted

within the scope of his authority.

As for any obligation wherein the agent has exceeded his power, the principal is not bound except when he ratifies it expressly or tacitly.

[17] Manila Memorial Park Cemetery, Inc. v. Linsangan, G.R. No. 151319, November 22, 2004, 443 SCRA 377, 394.

[18] Prudential Bank v. Court of Appeals, G.R. No. 108957, June 14, 1993, 223 SCRA 350, 357.

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