

ELIZABETH D. PALTENG, PETITIONER, VS. UNITED COCONUT PLANTERS BANK, RESPONDENT.

G.R. No. 172199. February 27, 2009

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

Assailed in this petition for review on certiorari are the Decision[1] dated December 23, 2005 and Resolution[2] dated April 4, 2006 of the Court of Appeals in CA-G.R. SP No. 72660 denying reconsideration. The appellate court had modified the Decision[3] dated March 6, 2002 of the National Labor Relations Commission (NLRC) and limited the award of backwages in favor of petitioner Elizabeth D. Palteng from the time she was illegally dismissed on October 25, 1996, until the promulgation of the Labor Arbiter's Decision[4] on December 6, 1999.

The antecedent facts are as follows:

Petitioner Elizabeth D. Palteng was the Senior Assistant Manager/Branch Operations Officer of respondent United Coconut Planters Bank in its Banaue Branch in Quezon City.

On April 15, 1996, Area Head and Vice-President Eulallo S. Rodriguez reported to the bank's Internal Audit and Credit Review Division that bank client Clariza L. Mercado-The Red Shop has incurred Past Due Domestic Bills Purchased (BP) of P34,260,000. After conducting a diligence audit, the division reported to the Audit and Examination Committee that Palteng committed several offenses under the Employee Discipline Code in connection with Mercado's Past Due Domestic BP. It also recommended that the matter be referred to the Committee on Employee Discipline for proper disposition.

On August 14, 1996, Palteng was required to explain why no disciplinary action should be taken against her in connection with the following alleged offenses:

"1.

Gross negligence and dereliction of duties in the implementation of company policies or valid orders from Management authorities, when:

a.

You granted BP against personal checks. Per bank policy, checks eligible for BP accommodation are trade checks and granting of BP against personal checks is strictly prohibited.

b.

You granted accommodations based on client's statement that a loan will be released. You failed to confirm this with AO Pearl Urbano before effecting the accommodations. You likewise failed to report to AO Urbano the excess availments on the OL of the client. Per bank policy on CSBD/CCD clients with established lines, the servicing unit/branches shall coordinate all BP/DAUD availments with the account officer for proper monitoring and control.

2. Abuse of discretion when:

a.

You granted BP accommodations to the client in excess of the P5 million sublimit under her Omnibus Line. In spite of the fact that you did not have the approving authority, you did not elevate the client's availment to the proper authority for approval.

b.

You approved the MCs issued to the client beyond your approving limit of P5 million being a Class C signatory. Issuance[s] were not confirmed by proper approving body."[5]

In response, Palteng explained that at the time the BP accommodation was extended, Mercado has, as far as she knew, an Omnibus Line of P100 Million secured by a pledge on jewelries. She was not aware that the Omnibus Line has been reduced to P50 Million and that it contained a P5 Million sublimit on BP. Nevertheless, she accepted full responsibility for granting the BP accommodation against Mercado's personal checks beyond and outside her authority. While she admitted committing a major offense that may cause her dismissal, she claimed that it was an honest mistake.[6]

After hearing and investigation, the committee recommended Palteng's dismissal. On October 25, 1996, Palteng was dismissed with forfeiture of all benefits.[7]

Palteng filed a complaint[8] for illegal dismissal seeking reinstatement to her former position without loss of seniority rights with full backwages, or in the alternative, payment of separation pay with full backwages, and recovery of her monetary claims with damages.

On December 6, 1999, the Labor Arbiter rendered a decision disposing, thus:

WHEREFORE, premises considered, judgment is hereby rendered declaring as illegal the termination of herein complainant and ordering respondent to pay complainant the following:

1.)

Separation pay in lieu of reinstatement computed at the rate of one (1) month pay for every year of service from the time of her employment up to the time of termination.

2.) Full backwages plus increments or adjustment if any from the time of her dismissal until finality of judgment.

3.) P500,000.00 as moral damages.

4.) [P300,000.00] as exemplary damages.

5.) 10% of the total monetary award as attorney's fees.

SO ORDERED.[9]

The bank appealed to the NLRC which rendered a decision on March 6, 2002, to wit:

WHEREFORE, premises considered[,] the assailed decision is hereby affirmed except that the awards of moral and exemplary damages are ordered deleted therefrom.

SO ORDERED.[10]

Dissatisfied, the bank elevated the matter to the Court of Appeals. On December 23, 2005, the appellate court modified the decision of the NLRC, in this wise:

WHEREFORE, premises considered, the petition is partially GRANTED. The decision of the labor arbiter dated December 6, 1999, as affirmed with modification by the National Labor Relations Commission, is further MODIFIED in that the award of backwages in favor of respondent Elizabeth D. Palteng shall correspond to the period from the date of her dismissal (on October 25, 1996) up to the promulgation of the labor arbiter's decision (on December 6, 1999).

SO ORDERED.[11]

The appellate court noted Palteng's admission that she granted BP accommodation to Mercado against her personal checks beyond and outside her authority and that said infraction is a major offense that may cause her dismissal. Hence, it limited the award of backwages from the time Palteng was illegally dismissed on October 25, 1996, until the promulgation of the Labor Arbiter's Decision on December 6, 1999, as penalty for her offense.

Petitioner now submits the following issue for our consideration:

THE COURT OF APPEALS ERRED IN LIMITING THE AWARD OF BACKWAGES IN FAVOR OF PETITIONER, WHOSE DISMISSAL FROM EMPLOYMENT WAS DECLARED ILLEGAL BY THE COURT AND THE LABOR TRIBUNALS, TO ONLY UP TO THE DATE OF THE PROMULGATION OF THE LABOR ARBITER'S DECISION[.][12]

The crux of the present controversy is whether the award of backwages, if any, should be counted from the time petitioner was illegally dismissed until the promulgation of the Labor Arbiter's Decision on December 6, 1999, or until the finality of the decision.

Petitioner contends that the Labor Arbiter, the NLRC and the Court of Appeals unanimously found her dismissal illegal. Thus, she is entitled to the twin reliefs of reinstatement (or payment of separation pay if reinstatement is no longer possible) and payment of backwages. She adds that the backwages should be computed from the time she was illegally dismissed on October 25, 1996, until the finality of the decision.

Respondent counters that petitioner is not entitled to the payment of backwages since she is not entirely faultless or fully innocent of the offenses imputed against her.

Settled is the rule that an employee who is illegally dismissed from work is entitled to reinstatement without loss of seniority rights, and other privileges as well as to full backwages, inclusive of allowances, and to other benefits or their monetary equivalent computed from the time his compensation was withheld from him up to the time of his actual reinstatement.[13] However, in the event that reinstatement is no longer possible, the employee may be given separation pay instead.[14]

Notably, reinstatement and payment of backwages are distinct and separate reliefs given to alleviate the economic setback brought about by the employee's dismissal. The award of one does not bar the other. Backwages may be awarded without reinstatement, and reinstatement may be ordered without awarding backwages.[15]

In a number of cases,[16] the Court, despite ordering reinstatement or payment of separation pay in lieu of reinstatement, has not awarded backwages as penalty for the misconduct or infraction committed by the employee.

In the case at bar, petitioner admitted that she granted the BP accommodation against Mercado's personal checks beyond and outside her authority. The Labor Arbiter, the NLRC and the Court of Appeals all found her to have committed an "error of judgment,"[17] "honest mistake,"[18] "honest mistake" vis-à-vis a "major offense." [19]

Since petitioner was not faultless in regard to the offenses imputed against her, we hold that the award of separation pay only, without backwages, is proper.

WHEREFORE, the Decision dated December 23, 2005 of the Court of Appeals in CA-G.R. SP No. 72660 is AFFIRMED with the MODIFICATION that the award of backwages is DELETED. Petitioner Elizabeth D. Palteng is hereby DECLARED entitled to be paid by respondent Bank only separation pay in lieu of reinstatement computed at the rate of one (1) month pay for every year of service from the time of her employment up to the time of her dismissal. No pronouncement as to costs.

SO ORDERED.

Carpio Morales, Nachura, Brion, and Peralta, JJ., concur.

* Additional member in lieu of Associate Justice Dante O. Tinga who is on sabbatical leave.

** Additional member in lieu of Associate Justice Presbitero J. Velasco, Jr. who is abroad on official business.

[1] Rollo, pp. 29-39. Penned by Associate Justice Edgardo P. Cruz, with Associate Justices Juan Q. Enriquez, Jr. and Sesinando E. Villon concurring.

[2] Id. at 40.

[3] CA rollo, pp. 31-50.

[4] Id. at 78-97.

[5] Id. at 67-68.

[6] Id. at 70-71.

[7] Id. at 80.

[8] Records, pp. 2-3.

[9] CA rollo, p. 97.

[10] Id. at 49.

[11] Rollo, p. 38.

[12] Id. at 19.

[13] *Dusit Hotel Nikko v. Gatbonton*, G.R. No. 161654, May 5, 2006, 489 SCRA 671, 677; *Samarca v. Arc-Men Industries, Inc.*, G.R. No. 146118, October 8, 2003, 413 SCRA 162, 169; *Condo Suite Club Travel, Inc. v. NLRC*, G.R. No. 125671, January 28, 2000, 323 SCRA 679, 691.

[14] *Bunagan v. Sentinel Watchman & Protective Agency, Inc.*, G.R. No. 144376, September 13, 2006, 501 SCRA 650, 658; *Urbanes, Jr. v. Court of Appeals*, G.R. No. 138379, November 25, 2004, 444 SCRA 84, 97.

[15] *De Guzman v. National Labor Relations Commission*, 371 Phil. 192 (1999); *Retuya v. Dumarpa*, G.R. No. 148848, August 5, 2003, 408 SCRA 315, 325; *St. Michael's Institute v. Santos*, G.R. No. 145280, December 4, 2001, 371 SCRA 383, 394-395.

[16] *Pepsi Cola v. National Labor Relations Commission*, G.R. No. 100686, August 15, 1995, 247 SCRA 386, *Yupangco Cotton Mills, Inc. v. NLRC*, G.R. No. 94156, July 30, 1990 (Unsigned Resolution), *Itogon-Suyoc Mines, Inc. v. NLRC*, No. L-54280, September 30, 1982, 117 SCRA 523 cited in *De Guzman v. National Labor Relations Commission*, 371 Phil. 192, 202 (1999).

[17] CA rollo, p. 91.

[18] Id. at 49.

[19] Rollo, p. 36.

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