

CITIBANK, N.A., PETITIONER, VS. ATTY. ERNESTO S. DINOPOL, RESPONDENT.

G.R. No. 188412. November 22, 2010

Ponente: MENDOZA, J.

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MENDOZA, J.:

This is a petition for review filed under Rule 45 of the 1997 Revised Rules of Civil Procedure questioning 1] the December 16, 2008 Decision[1] of the Court of Appeals (CA), in CA-G.R. CV No. 82291, which affirmed the February 20, 2004 Decision of the Regional Trial Court, Branch 226, Quezon City (RTC), ordering petitioner Citibank, N. A. (Citibank) to pay respondent Atty. Ernesto S. Dinopol (Atty. Dinopol) moral damages and attorney's fees; and 2] its June 19, 2009 Resolution denying petitioner's motion for the reconsideration thereof.

Records disclose that sometime in December 1996, Atty. Dinopol availed of Citibank's "Ready Credit Checkbooks" advertised offer. After approving his application, Citibank granted Atty. Dinopol a credit line limit of P30,000.00. For said reason, Atty. Dinopol received from Citibank a check booklet consisting of several checks with a letter stating that the account was "ready to use." Later, Citibank billed Atty. Dinopol the sum of P1,545.00 representing Ready Credit Documentary Stamp and Annual Membership Fee as reflected in his Statement of Account dated December 26, 1996. Thereafter, Citibank billed him the amount of P1,629.21 for interest and charges as well as late payment charges as stated in his Statement of Account dated January 26, 1997. Atty. Dinopol paid said interests and charges on February 26, 1997.

On March 6, 1997, Atty. Dinopol issued a check using his credit checkbook account with Citibank in the amount of P30,000.00 in favor of one Dr. Marietta M. Geonzon (Dr. Geonzon) for investment purposes in her restaurant business. However, when the check was deposited on March 12, 1997, it was dishonored for the reason, "Drawn Against Insufficient Funds" or "DAIF." Humiliated by the dishonor and the demand notice he received from Dr. Geonzon, Atty. Dinopol filed a civil action for damages against Citibank before the RTC. Atty. Dinopol alleged that said bank was grossly negligent and acted in bad faith in dishonoring his check.

In defense, Citibank averred that it was completely justified in dishonoring Atty. Dinopol's check because the account did not have sufficient funds at the time it was issued. Citibank explained that when said check in the amount of P30,000.00 was issued, his credit line was already insufficient to accommodate it. His credit limit had been reduced by the interests and penalty charges imposed as a result of his late payment. Citibank argued that had Atty. Dinopol been prompt in the payment of his obligations, he would not have incurred interests and penalty charges and his credit line of P30,000.00 would have been available at the time the check was issued and presented for payment.

On February 20, 2004, the RTC rendered a decision[2] against Citibank, the dispositive portion of which reads:

In view of the foregoing, judgment is hereby rendered in favor of the plaintiff and against the defendant bank as follows: Defendant Citibank N.A. is hereby ordered to pay the plaintiff Atty. Ernesto S. Dinopol:

1) P100,000.00 as and for moral damages;

- 2) P50,000.00 as and for attorney's fees; and
- 3) Costs of suit.

SO ORDERED.

The RTC reasoned out, among others, that Citibank failed to completely disclose the terms and conditions of its "Citybank Ready Credit Account" when Atty. Dinopol applied for it. Only the general provisions of the agreement were explained to him. The Standard Handbook Guide which would have guided him as to fees, charges and penalties that could be billed by the bank was never given to him.

Furthermore, the RTC found that Atty. Dinopol was given a "go signal" by Citibank when he informed the latter that he was going to issue a check in the amount of P30,000.00. Citibank failed to advise him that he still had an outstanding balance of P58.33 as of February 26, 1997. Had he been informed, he could have paid such a small amount and avoided the dishonor of his check. In fact, when he issued the check on March 6, 1997, no bill had yet been sent to him for the amount of P58.33 because he had just paid P1,629.00 on February 26, 1997. The billing statement, if any, would still be due on March 15, 1997. On March 11, 1997, when the check was presented for payment, Citibank could have called his attention and he could have immediately remitted the amount of P58.00 within the same banking day so that the check would be honored.

Decision of the Court of Appeals

On December 16, 2008, the CA affirmed the RTC decision with modification. It increased the award of moral damages from P100,000.00 to P500,000.00 and awarded exemplary damages in the amount of P50,000.00.

In its decision, the CA found that Citibank, as admitted by its witness, Mark Andre P. Hernando (Hernando), displayed dishonesty in claiming that Atty. Dinopol was provided with the bank's Customer Guidebook. No proof to the contrary was shown by the bank. Instead of exercising good faith by providing a new account holder like Atty. Dinopol with the service guidebook, Citibank argued that since he was a lawyer, the latter should have already been familiar with the terms and conditions of his Ready Credit Account.

Moreover, the CA noted that before Atty. Dinopol issued the subject check, he first consulted the bank if he could issue one. It was only after being given the affirmative response that he issued said check which gave rise to this controversy. The bank should have given the necessary advice to Atty. Dinopol and thereby avoid the dishonor of the check for a measly amount of P58.33.

Finally, the CA ruled that Atty. Dinopol was not yet delinquent when he issued the check so as to justify the P58.33 deduction from his P30,000.00 credit line. Based on the documentary evidence, the due date for the February 26, 1997 Statement of Account was March 19, 1997. So, when Atty. Dinopol issued the check on March 6, 1997, the period within which to settle his account was still running, thus, rendering the P58.33 deduction unjustified.

In modifying the decision, the CA increased the amount of moral damages from P100,000.00 to P500,000.00 for the following reasons: 1] Atty. Dinopol's stature - he was a lawyer of good standing, yet he was abused by Citibank; 2] the dishonesty displayed by Citibank in claiming that Atty. Dinopol was given a service guidebook despite lack of proof thereon; 3] the bad faith displayed by Citibank in using a measly amount of P58.33 as basis to justify its dishonor (due to DAIF) of P30,000.00 worth of check issued by Atty. Dinopol; and 4] the fact that Citibank besmirched Atty. Dinopol's reputation and has considerably caused him undue humiliation.

Hence, this petition.

ISSUE

WHETHER OR NOT THE COURT OF APPEALS WAS CORRECT IN RULING THAT PETITIONER CITIBANK, N.A. IS LIABLE TO RESPONDENT ATTY. ERNESTO S. DINOPOL FOR DAMAGES.

Position of the Petitioner

Citibank argues that the dishonor of Atty. Dinopol's check was valid as it was done in the exercise of its rights and prerogative under the terms and conditions of his Ready Credit Facility. It insists that it sent a copy of the guidebook to Atty. Dinopol after his application for the credit facility was approved.

It also points out that upon the approval of Atty. Dinopol's Ready Credit Facility, the latter was initially billed with the amounts of P1,500.00 for the annual fee and P45.00 for the documentary stamp tax. The total amount of P1,545.00 was indicated in his Statement of Account dated December 26, 1996, bearing the due date on or before January 16, 1997. Atty. Dinopol, however, failed to pay it on or before said date. Thus, interest and late payment charges accrued on his unpaid account as provided for in the provisions of the guidebook.

Further, Citibank claims that a second statement of account dated January 26, 1997 was sent to Atty. Dinopol which showed that the aggregate amount of P1,629.21 was due and payable immediately. This amount represents the unpaid sum of P1,545.00 for the annual fee and documentary stamp tax, P10.00 as penalty charge for the late payment and P74.21 as accrued interest. Atty. Dinopol paid the amount of P1,629.21 only on February 26, 1997. Thereafter, Citibank sent him another statement of account acknowledging receipt of his payment and, at the same time, charging him the additional amount of P58.33 for penalties and other charges. Since the unpaid amount of P58.33 was automatically billed as an availment against his Ready Credit Facility, his available credit limit at the time of the issuance of the subject check on March 6, 1997 was already reduced by P58.33. As a result, when the subject check was negotiated, it had to be returned due to "DAIF."

Accordingly, Citibank asserts that the dishonor of the subject check was due to Atty. Dinopol's failure to timely settle his outstanding obligations despite receipt of his statements of account. It cannot, therefore, be faulted because it was just exercising its legal right under the terms and conditions of the Ready Credit Facility. It did not act fraudulently or in bad faith. No proof was shown that the dishonor of the subject check was carried out in an arbitrary, capricious, and malicious manner.

Finally, Citibank advances that Atty. Dinopol, as a practising lawyer, is presumed to have carefully considered, known, and understood the provisions and legal effects of the contracts he entered into.

Position of the Respondent

In answer to Citibank's assertions, Atty. Dinopol counters that the bank failed to prove that a copy of the guidebook was sent to him. In fact, Citibank's own witness, Hernando, categorically admitted that the bank did not send him the said guidebook. According to Atty. Dinopol, Citibank should have acted in good faith and in a manner deserving of the trust of its customers.

He also contends that the dishonor of the check due to the non-payment of the penalty charges and interests of P58.33 was uncalled for. The payment of said amount was not yet due on March 6, 1997 when the check was issued and even on March 12, 1997 when it was dishonored. The statement of account would show that the sum of P58.33 was due only on March 19, 1997. This only shows that his account was not yet delinquent, both at the time when said check was issued and when it was eventually presented for payment, thereby making the act of the bank of dishonoring the check wanting of any legal basis.

Lastly, Atty. Dinopol charges Citibank for having acted in bad faith when it dishonored the subject check for a

meager amount of P58.33 and for imposing highly questionable charges against his credit facility account. He believes that the bank, wilfully or negligently, wronged him and damaged his reputation. Hence, it is liable to pay him damages.

The Court's Ruling

The general rule is that in petitions for review on certiorari, the Court will not re-examine the findings of fact of the appellate court except (a) when the latter's findings are grounded entirely on speculations, surmises or conjectures; (b) when its inference is manifestly mistaken, absurd or impossible; (c) when there is a grave abuse of discretion; (d) when its findings of fact are conflicting; and (e) when it goes beyond the issues of the case.[3] Citibank fails to convince the Court that the case falls under any of the exceptions. Hence, the findings of fact should no longer be reviewed.

At any rate, the Courts agrees with the courts below in concluding that Citibank was liable to Atty. Dinopol for moral and exemplary damages and attorney's fees.

A perusal of the evidentiary records shows that Citibank was at fault when it dishonored the subject check. First, Citibank claims that, as a matter of standard operating procedure, it sent to Atty. Dinopol the Citibank Ready Credit Customer Guidebook upon the approval of his Ready Credit Account application and so, he was aware of the terms and conditions stated therein. Yet, except for its bare allegation, no other substantial proof was presented by Citibank that the guidebook was indeed sent to Atty. Dinopol. In fact, its witness, Hernando, admitted that the subject handbook was not at all delivered to him.

Second, when Atty. Dinopol issued the subject check for the full amount of P30,000.00 and Citibank dishonored it because of insufficiency of funds by P58.33 representing the amount charged on his credit line for penalties and charges, the said amount was not yet overdue. The bank's Statement of Account dated January 26, 1997[4] showed that he must pay the total amount of P1,629.21 representing the annual membership fee of P1,500.00, documentary stamp tax of P45.00, late charges of P10.00 and interest/charges of P74.21. On February 26, 1997, he immediately paid the full amount of P1,629.21 as evidenced by his credit card payment slip.[5] The full payment was reflected in his statement of account[6] dated February 26, 1997. The same statement of account[7] indicated that there were still charges amounting to P58.33 due for payment on March 19, 1997. To reiterate, the check was issued on March 6, 1997[8] and dishonored on March 12, 1997,[9] both dates being days before the said due date. Contrary to Citibank's insistence, Atty. Dinopol was definitely not yet a delinquent account holder. More importantly, Citibank failed to consider the fact that Atty. Dinopol issued the check on March 6, 1997 after paying the full amount of P1,629.21 and clearing with the bank if he could issue a check in the amount of P30,000.00. Citibank did not even refute the allegation that it gave Atty. Dinopol the go-signal to issue such a check.

With respect to damages, the Court is in agreement with the CA in awarding moral and exemplary damages. However, the Court cannot sanction the modification by the CA, under the circumstances attending the case. It is of the considered view that the award of the RTC would suffice subject, of course, to the payment of legal interest.

The award of moral damages should be granted in reasonable amounts depending on the facts and circumstances of the case.[10] Moral damages are meant to compensate the claimant for any physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation and similar injuries unjustly caused.[11]

As to the award of exemplary damages, the law allows it by way of example for the public good. The business of

banking is impressed with public interest and great reliance is made on the bank's sworn profession of diligence and meticulousness in giving irreproachable service.[12] Thus, the Court affirms the award as a way of setting an example for the public good. In addition, it also provided for attorney's fees. Both are subject to legal interest.

In any event, Citibank should have been more cautious in dealing with its clients since its business is imbued with public interest. Banks must always act in good faith and must win the confidence of clients and people in general. It is irrelevant whether the client is a lawyer or not.

It cannot be over emphasized that the banking business is impressed with public interest. Of paramount importance is the trust and confidence of the public in general in the banking industry. Consequently, the diligence required of banks is more than that of a Roman pater familias or a good father of a family. The highest degree of diligence is expected.

In its declaration of policy, the General Banking Law of 2000 requires of banks the highest standards of integrity and performance. Needless to say, a bank is "under obligation to treat the accounts of its depositors with meticulous care." The fiduciary nature of the relationship between the bank and the depositors must always be of paramount concern.[13]

WHEREFORE, the December 16, 2008 Decision of the Court of Appeals is MODIFIED to read as follows:

In view of the foregoing, judgment is hereby rendered ordering defendant Citibank N.A to pay plaintiff Atty. Ernesto S. Dinopol the following:

- 1] P100,000.00 as and for moral damages;
- 2] P50,000.00 as and for exemplary damages;
- 3] P50,000.00 as and for attorney's fees; and
- 4] Costs of suit,

plus interest at the legal rate reckoned from the filing of the complaint.

SO ORDERED.

Carpio, (Chairperson), Nachura, Peralta, and Abad, JJ., concur.

[1] Rollo, pp. 10-25. Penned by Associate Justice Vicente S.E.Veloso with Associate Justice Rebecca De Guia-Salvador and Associate Justice Ricardo R. Rosario, concurring.

[2] Id. at 317-329.

[3] J. Hidalgo Uy v. Spouses Medina, G.R. No. 172541, August 8, 2010.

[4] Rollo, p. 257.

[5] Id. at 258.

[6] Id. at. 284.

[7] Id.

[8] Id. at 259.

[9] Id. at 260.

[10] Manila Electric Company v. Spouses Edito and Felicidad Chua and Josefina Paqueo, G.R. No. 160422, July 5, 2010.

[11] Cagungun v. Planters Development Bank, 510 Phil. 51, 62-63 (2005), citing Samson, Jr. v Bank of the Philippine Islands, 453 Phil. 577, 583 (2003).

[12] Solidbank Corporation/Metropolitan Bank and Trust Company v. Tan, G.R. No. 167346, April 2, 2007, 520 SCRA 123, 129.

[13] Philippine Savings Bank v. Chowking Food Corporation, G.R. No. 177526, July 4, 2008, 557 SCRA 318, 330-331.

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