

## **FIFTEENTH DIVISION**

**[ CA-G.R. SP No. 126606, February 11, 2015 ]**

**GILBERT DIZON & AILEEN UY., PETITIONERS, VS. PHILIPPINE  
DEPOSIT INSURANCE CORPORATION., RESPONDENT.**

### **D E C I S I O N**

**GAERLAN, S.H., J.:**

Before us is a petition for certiorari<sup>[1]</sup> under Rule 65 of the Rules of Court seeking to nullify and set aside the order of respondent Philippine Deposit Insurance Corporation (PDIC), through the Letters<sup>[2]</sup> both dated 24 February 2012, denying petitioners' claims for deposit insurance<sup>[3]</sup> on their joint savings account (SA) no. 5199-020878-5 with the GMA Rural Bank of Cavite, Inc., and the subsequent Letter<sup>[4]</sup> (dated 11 July 2012) denying petitioners' requests for reconsideration<sup>[5]</sup>.

### **FACTS**

Gilbert Dizon and Aileen Uy (petitioners) are the owners of a joint savings account (SA No. 5199-020878-5) with GMA Rural Bank of Cavite, Inc. (GMA Bank), which they opened sometime in October 2010.

PDIC (respondent) is a government instrumentality created by law<sup>[6]</sup>, that has the authority to determine which bank "deposits" are covered by insurance.

On 3 February 2011, the Bangko Sentral ng Pilipinas, through its Monetary Board, issued a Resolution<sup>[7]</sup> ordering the closure of GMA Bank and its receivership under respondent. Eventually, on 29 September 2011, the Monetary Board ordered the bank's liquidation, with respondent as liquidator.<sup>[8]</sup>

Due to GMA Bank's closure, petitioners separately filed their claims<sup>[9]</sup> for insurance with respondent relative to SA No. 5199-020878-5.

Respondent denied the claims through the subject two letters, both dated 24 February 2012, stating that:

"x x x based on verification/ examination of available bank records, credits made to your account represent payment of BILLS PAYABLE expense. Said expense is an ordinary liability of the bank and does not fall within the meaning of deposit pursuant to Section 4(f) of R.A. 3591, as amended (The PDIC Charter)x x x"<sup>[10]</sup>

Petitioners submitted their requests for reconsideration. Through the subject 11 July 2012 Letter, respondent required petitioners to submit additional documents to support their requests, otherwise, reconsideration is deemed denied. Petitioners

failed to submit the supporting documents required by respondent.

Hence, the present petition for certiorari anchored on following grounds<sup>[11]</sup>:

## **ISSUES**

### **I.**

**RESPONDENT PDIC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT DENIED PETITIONERS' CLAIM FOR DEPOSIT INSURANCE, DESPITE THE FACT THAT THE PETITIONERS SUFFICIENTLY ESTABLISHED THAT THEY HAVE AN EXISTING SAVINGS ACCOUNT WITH GMA BANK.**

### **II.**

**RESPONDENT PDIC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT DENIED THE PETITIONERS' CLAIM FOR DEPOSIT INSURANCE WITHOUT PROVIDING SUFFICIENT JUSTIFICATION FOR THE SAME IN CLEAR VIOLATION OF PETITIONER'S RIGHT TO DUE PROCESS.**

## **THE COURT'S RULING**

Petitioners contend that they made an initial deposit of One Million Five Hundred Thousand Pesos (Php 1,500,000.00) as evidenced by their passbook<sup>[12]</sup> for joint savings account No. 5199-020878-5. The passbook would show that there was substantial activity relative to the savings account of the Petitioners. Petitioners further aver that it is incumbent upon respondent PDIC to overcome the presumption that the deposit was made in a bank's ordinary course of business. They maintain that they have submitted their original passbook which is enough to establish their claims.<sup>[13]</sup>

Also, petitioners posit that the present case does not fall under the instances<sup>[14]</sup> where respondent PDIC is authorized to refuse payment of a deposit insurance claim as stated under Section 4(f) of the Republic Act (RA) No. 3591<sup>[15]</sup>. Whether or not GMA Bank used petitioners' money for other purposes is immaterial to the claim for deposit insurance because petitioners never had any knowledge of the inappropriate use of their deposit nor consented to or authorized such inappropriate use. Petitioners opened their deposit with valuable consideration and GMA Bank received the same in the ordinary course of its business.<sup>[16]</sup>

According to petitioners, the additional documents that respondent directed them to submit to support their requests for reconsideration were impossible to obtain. Inasmuch as GMA Bank is now under the control of respondent, the latter already has the documents it needs to determine the legitimacy of petitioners' claims.<sup>[17]</sup>

Further, petitioners assert that the denial of their insurance claims was done without

sufficient basis. To be exact, respondent did not reveal the manner of its alleged verification of petitioners' savings record, what documents were examined, and the justification on its conclusion that the joint savings account of petitioners was a bills payable expense of GMA Bank.<sup>[18]</sup>

On the other hand, respondent PDIC, in its comment<sup>[19]</sup> maintain that upon their examination, through its Claims Processing Department, it was discovered from GMA Bank's records that the joint savings account of petitioners originated from "bills payable" due to petitioners. Specifically, GMA Bank borrowed One Million Five Hundred Thousand Pesos (Php. 1,500,00.00) from petitioners which was rolled over several times as evidenced by Promissory Notes Nos. 2470<sup>[20]</sup>, 2363<sup>[21]</sup> and 2467<sup>[22]</sup>, with maturity dates 5 July 2010, 4 August 2010 and 3 September 2010 respectively. Upon maturity of the last promissory note (No. 2467), GMA Bank opened a joint savings account for the Petitioners instead of paying the loans. Therefore, petitioners' savings account is not a bank deposit but to cover the loan of the GMA Bank. Respondent insist that it did not commit grave abuse of discretion in denying petitioners' claims for deposit insurance.<sup>[23]</sup>

### **The petition has merit.**

As a rule, factual findings of administrative agencies are generally respected and even accorded finality because of the special knowledge and expertise gained by these agencies from handling matters falling under their specialized jurisdiction.<sup>[24]</sup> However, when it appears that an administrative body has grossly misappreciated evidence of such nature as to compel a contrary conclusion, the court, on certiorari, should not hesitate to reverse its factual findings.<sup>[25]</sup>

Section 4 (f) of RA No. 3591 provides for the definition of a "deposit" for purposes of insurance claims with the PDIC, viz:

"The term 'deposit' means the unpaid balance of money or its equivalent **received by a bank in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account**, or issued in accordance with *Bangko Sentral* rules and regulations and other applicable laws, together with such other obligations of a bank, which, consistent with banking usage and practices, the Board of Directors shall determine and prescribe by regulations to be deposit liabilities of the bank: x x x" (*emphasis supplied*)

The aforesaid section of RA No. 3591 likewise enumerates the instances where PDIC shall refuse payment of deposit insurance.<sup>[26]</sup> There is no dispute that the subject savings account with GMA Bank does not fall under any of those instances.

Section 2.b.4. of PDIC Regulatory Issuance No. 2011-02<sup>[27]</sup> further defines the term "usual course of business," in relation to RA No. 2591:

"x x x

4. *Usual Course of Business* – refers to the solicitation, **acceptance, receipt, and/or recording of deposits** in