

THIRD DIVISION

[G.R. No. 200635, February 01, 2021]

**ALLIED BANKING CORPORATION* AND GUILLERMO DIMOG,
PETITIONERS, VS. SPOUSES MARIO ANTONIO MACAM** & ROSE
TRINIDAD MACAM, SPOUSES WILLAR FELIX AND MARIBEL CANA
AND SPOUSES MELCHOR AND HELEN GARCIA, RESPONDENTS.**

DECISION

HERNANDO, J.:

This Petition for Review on *Certiorari* assails the November 10, 2011 Decision^[1] of the Court of Appeals (CA) in CA-G.R. CV No. 91098 which affirmed *in toto* the November 12, 2007 Decision^[2] of the Regional Trial Court (RTC) of Makati City, Branch 59 in Civil Case No. 03-850 finding petitioners Allied Banking Corporation (Allied Bank) and Guillermo Dimog (Dimog) solidarity liable for damages to the Spouses Mario Antonio and Rose Trinidad Macam (Spouses Mario Macam).

The facts are not in dispute.^[3]

Mario Macam (Mario), on the recommendation of his brother Manuel and facilitation of Elena Valerio (Valerio), invested P1,572,000.00 in the cellular card business of respondent Helen Garcia (Helen). Valerio was a Unit Manager in Helen's business, soliciting investments and promising weekly interest payments of 2.29%.

On November 4, 2002, Mario deposited P1,572,000.00 in Valerio's Savings Account^[4] with Allied Bank-Pasay Road Branch (AB-Pasay). In turn, Valerio issued Bank of the Philippines Island Check No. 3090-045359 to Mario covering the principal amount of his investment.

On February 6, 2003, a series of transactions occurred at the Allied Bank-Alabang Las Piñas Branch (AB-ALP), headed by respondent Maribel Caña (Caña). At 8:45 a.m., Caña informed bank teller Melissa Berras (Berras) to anticipate a deposit by Helen in the amount of P46 Million. Caña likewise instructed the Branch Operating Officer, Milani Mamalayan (Mamalayan), to arrange for two armored vans to pick up the P46 Million deposit.^[5]

At 9:45 a.m., Mamalayan informed Caña of the arrival of the armored vans. Thereupon, Caña gave Berras five filled out and approved fund transfer receipts^[6] in the total amount of P46 Million with the following details:

NAME	ACCOUNT NO.	AMOUNT
a. Digna Gonzales	3680-01407-1	P6 Million
b. Elena Valerio	3090-045359-1	P10 Million
c. Rosite Capili (Capili)	1840-04249-3	P10 Million

d. Yolanda Lim	1823-00281-5	P10 Million
e. Gilda Tiglao (Tiglao)	3090-04535-9	P10 Million ^[7]

The fund transfer receipts bore only Caña's signature and ostensibly indicated Helen's deposit account as the source of the P46 Million fund transfer.^[8]

Since Helen had yet to make the promised deposit and her account balance did not amount to P46 Million, Berras protested to Caña that she cannot credit the corresponding amounts to the five accounts as indicated in the fund transfer receipts. Nonetheless, Caña effected a local override and approved the fund transfer.^[9] Consequently, the amounts were credited to the five deposit accounts, including Valerio's, in the amount of P10 Million.

Meanwhile, at 11:57:23 a.m., Valerio withdrew P1,722,500.00 from her deposit account at AB-Pasay. At 11:58:35 a.m., via electronic fund transfer, Valerio deposited P1,590,000.00 to the account of Mario's brother Manuel and the latter's wife and Sheila Macam. To prove the fund transfer to the Spouses Manuel Macam's account, Valerio presented the deposit slip with her handwritten notation^[10] addressed to Mario.

On that same date, through Sheila's deposit of P1,590,000.00 by way of a credit memo, the Spouses Mario Macam opened Savings Account No. 1850-06565-2 at Allied Bank-Pasong Tamo (AB-PT) Branch. In subsequent and separate instances, the Spouses Mario Macam were able to make withdrawals in the total amount of P490,000.00,^[11] leaving a balance of P1.1 Million in their savings account with AB-PT.

Yet still on February 6, 2003, Caña instructed Berras to reverse the P10 Million fund transfer to Yolanda Lim. Berras again inquired about the P46 Million deposit but was told by Caña to wait.

Later that day, Caña again instructed Berras to debit specific amounts from different accounts, to wit:

- (a) Elena Valerio - P8.3 Million;
- (b) Gilda Tiglao - P1.7 Million; and
- (c) Rosite Capili -P5.7 Million.^[12]

Once again, Berras inquired about Helen's promised deposit but Caña told her to just wait.^[13]

Meanwhile, Mamalayan sent Short Messaging Service (SMS)^[14] messages to Caña regarding Helen's deposit and the arrival of the requested armored vans. Caña's answer to Mamalayan was no different; the latter was likewise told to wait.^[15]

Mamalayan learned of the debiting of the three accounts^[16] after the Branch Head of Allied Bank-Imus (AB-I) inquired about the huge debit on their client's account. Mamalayan told the AB-I Branch Head to contact Caña as she was unaware of the said debit transactions.

At 3:30 p.m., Mamalayan received an SMS from Caña that the P46 Million deposit

had been cancelled.^[17] As soon as Berras overheard Mamalayan telling the Pick-Up Tellers and the Cash Center about the cancellation, Berras approached Mamalayan and told her about the fund transfer transactions totaling P46 Million which she had expedited. Berras disclosed to Mamalayan: (1) Caña's specific instructions; (2) Caña's override and approval of the fund transfer transactions from Helen's account to five different accounts despite the lack of fund deposit of P46 Million, and (3) the subsequent credits, debits and reversals made on the accounts of Valerio, Capili and Tiglao.^[18]

At 5:50 p.m., Caña instructed Mamalayan to book the amount of P20.3 Million under "Accounts Receivable" corresponding to the unrecovered amount from the P46 Million which had been earlier transferred to various deposit accounts.^[19]

Due to the significant discrepancy, Allied Bank investigated the branch, AB-ALP, and its transactions on February 6, 2003. Allied Bank was able to recover more than half of the amount, leaving a balance of P9,800,000.00.^[20]

On February 19, 2003, Angela Barcelona, Region Head, Retail Banking Group for Allied Bank's South Metro Manila Branches, ordered the debit of the remaining P1.1 Million from the account of the Spouses Mario Macam which resulted in the closure thereof.^[21]

On March 3, 2003, the Spouses Mario Macam learned of the closure after they were unable to withdraw from their account. Hence, the Spouses Mario Macam filed the complaint for Damages against the bank and the AB-PT Branch Head, Dimog.^[22]

Not unexpectedly, Allied Bank denied any liability for the closure of the Spouses Mario Macam's account and claimed ownership of the P1.1 Million deposit. Allied Bank traced its title to the dubious transfers amounting to P46 Million on February 6, 2003 beginning from the crediting of Helen's account and the ensuing fund transfers to various deposit accounts maintained by particular individuals with different branches of Allied Bank.^[23]

Given its allegations in its Answer,^[24] Allied Bank subsequently filed a Third Party Complaint^[25] against respondents, the Spouses Willar Felix and Maribel Caña and the Spouses Melchor and Helen Garcia (Spouses Garcia).

Third party defendants, the Spouses Caña and the Spouses Garcia, renounced liability for the initial P46 Million fund transfer transactions effected by Caña and all succeeding fund transfer transactions linked thereto on the ubiquitous date of February 6, 2003.^[26]

Caña maintained that she did not and has never conspired with Helen to defraud the bank. Pursuant to the requirements of Republic Act No. 9160 (RA 9160) or the Anti-Money Laundering Act of 2001,^[27] Caña conducted an investigation into the source of Helen's funds and confirmed that Helen was indeed engaged in the cell card business.^[28]

According to Caña, Helen was a valued client of Allied Bank, maintaining another

deposit account with the bank's Molino-Cavite Branch. Helen's transactions with Allied Bank nearly consisted of huge cash inter branch deposits and/or withdrawals as well as regular fund transfers to different Allied Bank branches where Helen's business colleagues (including Valerio) maintained their respective deposit accounts.

[29]

In prior instances of fund transfers, Helen's account initially lacked sufficient funds which Helen immediately funded within 20 minutes of the notice of insufficiency. Thus, as previously practiced, and as a valued client of Allied Bank, on the date and transaction in question, Caña promptly approved the request of Helen for an overdraft of P46 Million and the succeeding transfer of funds to Helen's regular target deposit accounts.[30]

The Spouses Garcia, on the other hand, denied any hand and participation in the P46 Million fund transfer transaction: Helen did not instruct Caña to credit the said amount to her account nor did she instruct Caña to approve the subsequent fund transfer to the different deposit accounts of certain individuals.[31]

The Pre-Trial Order contained the following stipulation of facts:

1. That demands were made upon [Allied Bank] for the return of the said amount attached to the complaint.
2. The bank also admitted the opening of the accounts on February 6, 2003 with an opening balance of P1,590,000.00.
3. The bank also admitted that this opening balance of P1,590,00.00 was a transfer from the account of Sheila Marie Macam with Allied-Bank Pasong Tamo Branch to the opening the account of plaintiffs Mario Antonio Macam and Rose T. Macam.
4. The bank also admitted that the amount of P10 Million was remitted from Allied Bank-Alabang Las Pinas Branch to the account of Elena Valerio with Allied Bank-Pasay Road.
5. The bank also admitted that on the same date of February 6, 2003 Elena Valerio withdrew the sum of P1,722,500.00 from her account with Allied Bank- Pasay Road Branch and remitted the sum of P1,590,000.00 to the account Sheila and Manuel Macam with Allied Bank-Pasong Tamo Branch.
6. The bank also admitted several withdrawals made by the plaintiff as stated in the complaint particularly on February 6, 2003 in the amount of P125,000.00, on February 10,2003 in the amount of P40,000.00 and on February 12, 2003 in the amount of P325,000.00.
7. The bank also admitted that on February 19,2003 it withdrew or debited the entire remaining balance of P1,100,000.00 from the subject account, thereby resulting in the closure of the account without any notice [to] the plaintiff.[32]

Ruling of the Regional Trial Court:

After trial, the RTC issued its Decision, thus:

WHEREFORE, in view of the foregoing, judgment is hereby rendered as follows:

1. On the main complaint, ordering [petitioners] Allied Bank and Guillermo P. Dimog jointly and severally, to pay respondents Mario Antonio Y. Macam and Rose Trinidad T. Macam, the amount of P1.1 Million with interest thereon at 12% interest *per annum*, computed from the date [the accounts of respondents, the Spouses Mario Macam] had been closed on February 19, 2003 until the full amount is actually paid;
2. On the third-party complaint, ordering the third-party defendants [Spouses] Willard Felix and Maribel Caña and Spouses Melchor and Helen Garcia, jointly and severally to pay defendants and third-party plaintiffs Allied Bank and Guillermo Dimog, the amount of P 1.1 Million plus interest thereon, which this Court orders said defendants and third-party plaintiffs to pay [respondents, the Spouses Mario Macam] in the principal complaint by way of reimbursement and/or subrogation.^[33]

Ruling of the Court of Appeals:

Allied Bank and the Spouses Garcia appealed to the CA insisting on their exculpation from liability. However, the appellate court affirmed *in toto* the ruling of the trial court.

As the trial court had done, the appellate court likewise found that Allied Bank is liable to the Spouses Mario Macam for breach of contract, or *culpa contractual*. It held that Allied Bank reneged on its contractual obligation to the Spouses Mario Macam to pay their money in deposit on demand. Citing Section 2 ^[34] of RA 8791 ^[35] (The General Banking Law of 2000 or GBL) and jurisprudence,^[36] the appellate court held that given the fiduciary nature of the relationship between a bank and its depositors, a bank is under obligation to treat the accounts of its depositors with meticulous care. In the performance of that obligation, the appellate court found Allied Bank to have failed and thus liable to the Spouses Mario Macam for damages.

Hence, this appeal by *certiorari* of Allied Bank positing grave error in the ruling of the appellate court:

Issues:

I.

THE HONORABLE [CA] ERRED IN AFFIRMING THE RULING OF THE TRIAL COURT THAT ALLIED BANK IS LIABLE FOR THE *ULTRA VIRES* ACTS OF ITS EMPLOYEE, RESPONDENT MARIBEL CAÑA IN ALLOWING THE TRANSFER OF P46,000,000.00 FROM THE ACCOUNT OF RESPONDENT HELEN GARCIA DESPITE THE ABSENCE OF AN EQUIVALENT DEPOSIT.

II.

THE HONORABLE [CA] ERRED IN AFFIRMING THE RULING OF THE TRIAL COURT THAT THE INFIRMITIES WHICH ATTENDED THE TRANSACTIONS STOPPED WITH ELENA VALERIO, SUCH THAT THE TRANSFER FROM