

SECOND DIVISION

[G.R. No. 179105, July 26, 2010]

**METROPOLITAN BANK AND TRUST COMPANY, PETITIONER, VS.
LARRY MARIAS, RESPONDENT.**

DECISION

NACHURA, J.:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court, seeking to annul and set aside the Court of Appeals (CA) Decision^[1] dated July 31, 2007, affirming with modification the Regional Trial Court (RTC) decision^[2] dated October 14, 2004.

The factual and procedural antecedents are as follows:

Sometime in April 1998, respondent Larry Marias returned to the Philippines from the United States of America. He opened a personal dollar savings account^[3] by depositing US\$100,000.00 with petitioner Metropolitan Bank and Trust Company. On April 13, 1998, respondent obtained a loan from petitioner in the amount of P2,300,000.00, evidenced by Promissory Note No. 355873.^[4] From the initial deposit of US\$100,000.00, respondent withdrew^[5] US\$67,227.95,^[6] then deposited it under Account No. 0-26400171-6 (Foreign Currency Deposit [FCD] No. 505671),^[7] which he used as security^[8] for the P2,300,000.00 loan.

Respondent subsequently opened two more foreign currency accounts • Account No. 0-26400244-5 (FCD No. 505688)^[9] and Account No. 0-264-00357-3 (FCD No. 739809)^[10] • depositing therein US\$25,000.00 and US\$17,000.00, respectively. On April 30, 1999, respondent obtained a second loan of P645,150.00,^[11] secured^[12] by Account No. 0-264-00357-3 (FCD No. 739809).

When he inquired about his dollar deposits, respondent discovered that petitioner made deductions against the former's accounts. On May 31, 1999, respondent, through his counsel, demanded from petitioner a proper and complete accounting of his dollar deposits, and the restoration of his deposits to their proper amount without the deductions.^[13] In response, petitioner explained that the deductions made from respondent's dollar accounts were used to pay the interest due on the latter's loan with the former. These deductions, according to petitioner, were authorized by respondent through the Deeds of Assignment with Power of Attorney voluntarily executed by respondent.^[14]

Unsatisfied, and believing that the deductions were unauthorized, respondent commenced an action for *Damages* against petitioner and its Kabisayan, Parañaque City Branch Manager Expedito Fernandez (Fernandez) before the RTC, Las Piñas

City. The case was docketed as Civil Case No. 99-0172 and was raffled to Branch 255. While admitting the existence of the P2,300,000.00 and P645,150.00 loans, respondent claimed that when he signed the loan documents, they were all in blank and they were actually filled up by petitioner. Aside from the complete accounting of his dollar accounts and the restoration of the true amounts of his deposits, respondent sought the payment of P400,000.00 as moral damages, P100,000.00 as exemplary damages, and P100,000.00 as attorney's fees.^[15]

On its part, petitioner insisted that respondent freely and voluntarily signed the loan documents. While admitting the full payment of respondent's P2,300,000.00 and P645,150.00 loans, petitioner claimed that the payments were made using the former's US\$67,227.95, US\$25,000.00, and US\$17,000.00 time deposits. Accordingly, there was nothing to account for and restore. By way of counterclaim, petitioner prayed for the payment of P200,000.00 as attorney's fees, P1,000,000.00 as moral damages, and P500,000.00 as exemplary damages.^[16]

As no amicable settlement was reached, trial on the merits ensued.

On October 14, 2004, the RTC rendered a decision in favor of respondent, the dispositive portion of which reads:

WHEREFORE, the foregoing considered, judgment is hereby rendered in favor of plaintiff Larry Mari^[xi]as, and against the defendants Metropolitan Bank and Trust Company and Expedito Fernandez, ordering the said defendants to account for the dollar deposits of the plaintiff in the amounts of US\$30,000.00 and US\$25,000.00, respectively, and then return the same, including the interests due thereon reckoned from 31 May 1999 until fully paid.

Likewise, the defendants are hereby directed to pay to the herein plaintiff the following amounts, to wit:

1. P100,000.00 in moral damages;
2. P50,000.00 in exemplary damages;
3. P50,000.00 as and by way of attorney's fees; and
4. Costs of suit.

SO ORDERED.^[17]

The RTC sustained the validity and regularity of the loan documents signed by respondent, and consequently the existence of the P2,300,000.00 and P645,150.00 loans obtained from petitioner. Acknowledging the full payment of both loans, the trial court found that the payments were made from respondent's foreign currency deposits, particularly Account Numbers 0-26400171-6 (FCD No. 505671) and 0-264-00357-3 (FCD No. 739809), amounting to US\$67,227.95 and US\$17,000.00, respectively. There is no doubt that respondent specifically assigned these accounts to secure the payment of his loans pursuant to the Deeds of Assignment with Power of Attorney. Hence, the deductions made from such accounts were valid. However, the RTC found that petitioner should account for and eventually return the US\$30,000.00 and US\$25,000.00 deposits of respondent since they were not

assigned to answer for the latter's loans, and that any deductions made from these accounts were, therefore, illegal. Consequently, petitioner was made to answer for damages suffered by respondent.^[18] Being the petitioner's Kabihasnan Branch Manager, Fernandez was declared solidarily liable with petitioner.

On appeal, the CA modified the RTC decision by absolving Fernandez from liability. The appellate court held that Fernandez could not be made to answer for acts done in the performance of his duty absent any showing that he assented to patently unlawful acts of the corporation or was guilty of bad faith or gross negligence in directing its affairs, or that he agreed to hold himself personally and solidarily liable with the corporation.^[19] No proof was adduced in this regard.

Hence, the instant petition raising the following issues:

1. WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN ORDERING PETITIONER TO ACCOUNT FOR AND RETURN TO RESPONDENT THE SUMS OF US\$30,000.00 AND US\$25,000.00.
2. WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN HOLDING PETITIONER LIABLE TO RESPONDENT FOR MORAL AND EXEMPLARY DAMAGES, AS WELL AS ATTORNEY'S FEES AND COSTS OF SUIT.^[20]

Petitioner assails the CA Decision affirming the former's culpability for making unlawful deductions from respondent's dollar accounts without the latter's consent. Additionally, it questions the award of moral and exemplary damages, as well as attorney's fees.

We agree with the CA's factual findings as to the deposits and withdrawals made and loans obtained by respondent. We do not, however, agree with its conclusion that petitioner absolutely lacked the authority to make deductions from respondent's deposits for the payment of his outstanding obligations.

It is apt to stress the well-settled principle that factual findings of the trial court, affirmed by the CA, are binding and conclusive upon this Court.^[21] In the absence of any showing that the findings complained of are totally devoid of support in the evidence on record, or that they are so glaringly erroneous as to constitute serious abuse of discretion, such findings must stand.^[22] The Court is not a trier of facts, its jurisdiction being limited to reviewing only errors of law that may have been committed by the lower courts.^[23] It is not the function of the Court to analyze or weigh all over again the evidence or premises supportive of such factual determination.^[24] The law creating the CA was intended mainly to take away from the Supreme Court the work of examining the evidence, so that it may confine its task to the determination of questions which do not call for the reading and study of transcripts containing the testimony of witnesses.^[25]

In the present case, we find no justification to deviate from the factual findings of the trial court and the appellate court. Petitioner has utterly failed to convince us that the assailed findings are devoid of basis or are not supported by substantial

evidence.

It is noteworthy that respondent opened four accounts with petitioner: 1) Account No. 2264-00145-0 for US\$100,000.00; 2) Account No. 0-26400171-6 (FCD No. 505671) for US\$67,227.95; 3) Account No. 0-26400244-5 (FCD No. 505688) for US\$25,000.00; and 4) Account No. 0-264-00357-3 (FCD No. 739809) for US\$17,000.00. Admittedly, respondent withdrew \$70,000.00 from Account No. 2264-00145-0, leaving a balance of \$30,000.00.

It is likewise undisputed that respondent obtained two separate loans from petitioner in amounts of P2,300,000.00 and P645,150.00. These were evidenced by promissory notes and secured by respondent's two dollar accounts • Account Numbers 0-26400171-6 (FCD No. 505671) and 0-264-00357-3 (FCD No. 739809) • for US\$67,227.95 and US\$17,000.00, respectively. Respondent's first loan of P2,300,000.00, obtained on April 13, 1998, was payable on April 8, 1999; while the second loan of P645,150.00, obtained on April 30, 1999, was payable on April 24, 2000. Records show that the first loan was paid on April 21, 1999, with the payment therefor taken from Account No. 0-26400171-6. The second loan, on the other hand, was paid on May 10, 1999, out of respondent's Account No. 0-264-00357-3. It should be clarified, though, that these payments referred only to the payment of the principal (P2,300,000.00 and P645,150.00) of respondent's loans, exclusive of interests stipulated in the promissory notes executed by the latter.

Aside from obligating himself to pay P2,300,000.00 as principal, respondent also agreed to pay interest at the rate of 22.929% *per annum* (not monthly) from April 13, 1998 until full payment. As respondent made full payment of the principal on April 21, 1999, respondent was also obliged to pay interest until that date. As to the P645,150.00 loan, respondent agreed to pay interest at the rate of 16.987% *per annum*.

Respondent later discovered that his accounts with petitioner were all depleted. Upon inquiry from petitioner, it explained that pursuant to the Deeds of Assignment with Power of Attorney executed by respondent, it deducted from respondent's accounts the interest due on his loans.

Contrary to the conclusions of the RTC and the CA, we find that petitioner is empowered to make lawful deductions from respondent's accounts for such amounts due it. This is authorized in the Promissory Notes and Deeds of Assignment with Power of Attorney executed by respondent, to wit:

I/We hereby give the Bank a general lien upon, and/or right of set-off and/or right to hold and/or apply to the loan account, or any claim of the Bank against any of us, all my/our rights, title and interest in and to the balance of every deposit account, money, negotiable instruments, commercial papers, notes, bonds, stocks, dividends, securities, interest, credits, chose in action, claims, demands, funds or any interest in any thereof, and in any other property, rights and interest of any of us or any evidence thereof, which have been, or at any time shall be delivered to, or otherwise come into the possession, control or custody of the Bank or any of its subsidiaries, affiliates, agents or correspondents now or anytime hereafter, for any purpose, whether or not accepted for the