

## SECOND DIVISION

[ G.R. No. 147800, November 11, 2003 ]

**UNITED COCONUT PLANTERS BANK, PETITIONER, VS. TEOFILO C. RAMOS, RESPONDENT.**

### DECISION

**CALLEJO, SR., J.:**

Before us is a petition for review on *certiorari* of the March 30, 2001 Decision<sup>[1]</sup> of the Court of Appeals in CA-G.R. CV No. 56737 which affirmed the Decision<sup>[2]</sup> of the Regional Trial Court (RTC) of Makati City, Branch 148, in Civil Case No. 94-1822.

#### The Antecedents

On December 22, 1983, the petitioner United Coconut Planters Bank (UCPB) granted a loan of P2,800,000 to Zamboanga Development Corporation (ZDC) with Venicio Ramos and the Spouses Teofilo Ramos, Sr. and Amelita Ramos as sureties. Teofilo Ramos, Sr. was the Executive Officer of the *Iglesia ni Cristo*. In March 1984, the petitioner granted an additional loan to ZDC, again with Venicio Ramos and the Spouses Teofilo Ramos and Amelita Ramos as sureties.<sup>[3]</sup> However, the ZDC failed to pay its account to the petitioner despite demands. The latter filed a complaint with the RTC of Makati against the ZDC, Venicio Ramos and the Spouses Teofilo Ramos, Sr. for the collection of the corporation's account. The case was docketed as Civil Case No. 16453. On February 15, 1989, the RTC of Makati, Branch 134, rendered judgment in favor of the petitioner and against the defendants. The decretal portion of the decision reads:

1. To pay plaintiff the sum of THREE MILLION ONE HUNDRED FIFTY THOUSAND PESOS (P3,150,000.00) plus interest, penalties and other charges;
2. To pay plaintiff the sum of P20,000.00 for attorney's fees; and
3. To pay the cost of suit.<sup>[4]</sup>

The decision became final and executory. On motion of the petitioner, the court issued on December 18, 1990 a writ of execution for the enforcement of its decision ordering Deputy Sheriff Pioquinto P. Villapaña to levy and attach all the real and personal properties belonging to the aforesaid defendants to satisfy the judgment.<sup>[5]</sup> In the writ of execution, the name of one of the defendants was correctly stated as Teofilo Ramos, Sr.

To help the Sheriff implement the writ, Atty. Cesar Bordalba, the head of the Litigation and Enforcement Division (LED) of the petitioner, requested Eduardo C. Reniva, an appraiser of the petitioner's Credit and Appraisal Investigation Department (CAID) on July 17, 1992 to ascertain if the defendants had any leviable

real and personal property. The lawyer furnished Reniva with a copy of Tax Declaration B-023-07600-R covering a property in Quezon City.<sup>[6]</sup> In the course of his investigation, Reniva found that the property was a residential lot, identified as Lot 12, Block 5, Ocampo Avenue, Don Jose Subdivision, Quezon City, with an area of 400 square meters, covered by TCT No. 275167 (PR-13108) under the name of Teofilo C. Ramos, President and Chairman of the Board of Directors of the Ramdustrial Corporation, married to Rebecca F. Ramos.<sup>[7]</sup> The property was covered by Tax Declaration No. B-023-07600-R under the names of the said spouses. Reniva went to the property to inspect it and to verify the identity of the owner thereof. He saw workers on the property constructing a bungalow.<sup>[8]</sup> However, he failed to talk to the owner of the property. Per information gathered from the neighborhood, Reniva confirmed that the Spouses Teofilo C. Ramos and Rebecca Ramos owned the property.

On July 22, 1992, Reniva submitted a report on his appraisal of the property. He stated therein that the fair market value of the property as of August 1, 1992 was P900,000 and that the owner thereof was Teofilo C. Ramos, married to Rebecca Ramos. When appraised by the petitioner of the said report, the Sheriff prepared a notice of levy in Civil Case No. 16453 stating, *inter alia*, that the defendants were Teofilo Ramos, Sr. and his wife Amelita Ramos and caused the annotation thereof by the Register of Deeds on the said title.<sup>[9]</sup>

Meanwhile, in August of 1993, Ramdustrial Corporation applied for a loan with the UCPB, a sister company of the petitioner, using the property covered by TCT No. 275167 (PR-13108) as collateral therefor. The Ramdustrial Corporation intended to use the proceeds of the loan as additional capital as it needed to participate in a bidding project of San Miguel Corporation.<sup>[10]</sup> In a meeting called for by the UCPB, the respondent was informed that upon verification, a notice of levy was annotated in TCT No. 275167 in favor of the petitioner as plaintiff in Civil Case No. 16453, entitled *United Coconut Planters Bank v. Zamboanga Realty Development Corporation, Venicio A. Ramos and Teofilo Ramos, Sr.*, because of which the bank had to hold in abeyance any action on its loan application.

The respondent was shocked by the information. He was not a party in the said case; neither was he aware that his property had been levied by the sheriff in the said case. His blood temperature rose so much that immediately after the meeting, he proceeded to his doctor, Dr. Gatchalian, at the St. Lukes Medical Center, who gave the respondent the usual treatment and medication for cardio-vascular and hypertension problems.<sup>[11]</sup>

Upon advise from his lawyer, Atty. Carmelito Montano, the respondent executed an affidavit of denial <sup>[12]</sup> declaring that he and Teofilo Ramos, Sr., one of the judgment debtors in Civil Case No. 16453, were not one and the same person. On September 30, 1993, the respondent, through counsel, Atty. Carmelito A. Montano, wrote Sheriff Villapaña, informing him that a notice of levy was annotated on the title of the residential lot of the respondent, covered by TCT No. 275167 (PR-13108); and that such annotation was irregular and unlawful considering that the respondent was not Teofilo Ramos, Sr. of *Iglesia ni Cristo*, the defendant in Civil Case No. 16453. He demanded that Sheriff Villapaña cause the cancellation of the said annotation within five days from notice thereof, otherwise the respondent would take the appropriate

civil, criminal or administrative action against him. Appended thereto was the respondent's affidavit of denial. For his part, Sheriff Villapaña furnished the petitioner with a copy of the said letter.

In a conversation over the phone with Atty. Carmelito Montano, Atty. Cesar Bordalba, the head of the petitioner's LED, suggested that the respondent file the appropriate pleading in Civil Case No. 16453 to prove his claim that Atty. Montano's client, Teofilo C. Ramos, was not defendant Teofilo Ramos, Sr., the defendant in Civil Case No. 16453.

On October 21, 1993, the respondent was informed by the UCPB that Ramdustrial Corporation's credit line application for P2,000,000 had been approved.<sup>[13]</sup> Subsequently, on October 22, 1993, the respondent, in his capacity as President and Chairman of the Board of Directors of Ramdustrial Corporation, and Rebecca F. Ramos executed a promissory note for the said amount payable to the UCPB in installments for a period of 180 days.<sup>[14]</sup> Simultaneously, the respondent and his wife Rebecca F. Ramos acted as sureties to the loan of Ramdustrial Corporation.<sup>[15]</sup> However, the respondent was concerned because when the proceeds of the loan were released, the bidding period for the San Miguel Corporation project had already elapsed.<sup>[16]</sup> As business did not go well, Ramdustrial Corporation found it difficult to pay the loan. It thus applied for an additional loan with the UCPB which was, however, denied. The corporation then applied for a loan with the Planters Development Bank (PDB), the proceeds of which would be used to pay its account to the UCPB. The respondent offered to use his property covered by TCT No. 275167 as collateral for its loan. PDB agreed to pay off the outstanding loan obligation of Ramdustrial Corporation with UCPB, on the condition that the mortgage with the latter would be released. UCPB agreed. Pending negotiations with UCPB, the respondent discovered that the notice of levy annotated on TCT No. 275167 (PR-13108) at the instance of the petitioner had not yet been cancelled.<sup>[17]</sup> When apprised thereof, PDB withheld the release of the loan pending the cancellation of the notice of levy. The account of Ramdustrial Corporation with UCPB thus remained outstanding. The monthly amortization on its loan from UCPB became due and remained unpaid. When the respondent went to the petitioner for the cancellation of the notice of levy annotated on his title, the petitioner's counsel suggested to the respondent that he file a motion to cancel the levy on execution to enable the court to resolve the issue. The petitioner assured the respondent that the motion would not be opposed. Rather than wait for the petitioner to act, the respondent, through counsel, filed the said motion on April 8, 1994. As promised, the petitioner did not oppose the motion. The court granted the motion and issued an order on April 12, 1994 ordering the Register of Deeds to cancel the levy. The Register of Deeds of Quezon City complied and cancelled the notice of levy.<sup>[18]</sup>

Despite the cancellation of the notice of levy, the respondent filed, on May 26, 1994, a complaint for damages against the petitioner and Sheriff Villapaña before the RTC of Makati City, raffled to Branch 148 and docketed as Civil Case No. 94-1822. Therein, the respondent (as plaintiff) alleged that he was the owner of a parcel of land covered by TCT No. 275167; that Teofilo Ramos, Sr., one of the judgment debtors of UCPB in Civil Case No. 16453, was only his namesake; that without any legal basis, the petitioner and Sheriff Villapaña caused the annotation of a notice to levy on the TCT of his aforesaid property which caused the disapproval of his loan from UCPB and, thus made him lose an opportunity to participate in the bidding of a

considerable project; that by reason of such wrongful annotation of notice of levy, he suffered sleepless nights, moral shock, mental anguish and almost a heart attack due to high blood pressure. He thus prayed:

WHEREFORE, premises considered, it is most respectfully prayed of the Honorable Regional Trial Court that after due hearing, judgment be rendered in his favor by ordering defendants jointly and severally, to pay as follows:

1. P3,000,000.00 as moral damages;
2. 300,000.00 as exemplary damages;
3. 200,000.00 as actual damages;
4. 200,000.00 as attorney's fees;
5. Cost of suit.<sup>[19]</sup>

In its answer, the petitioner, while admitting that it made a mistake in causing the annotation of notice of levy on the TCT of the respondent, denied that it was motivated by malice and bad faith. The petitioner alleged that after ascertaining that it indeed made a mistake, it proposed that the respondent file a motion to cancel levy with a promise that it would not oppose the said motion. However, the respondent dilly-dallied and failed to file the said motion; forthwith, if any damages were sustained by the respondent, it was because it took him quite a long time to file the motion. The petitioner should not thus be made to suffer for the consequences of the respondent's delay.

The petitioner further asserted that it had no knowledge that there were two persons bearing the same name Teofilo Ramos; it was only when Sheriff Villapaña notified the petitioner that a certain Teofilo C. Ramos who appeared to be the registered owner of TCT No. 275167 that it learned for the first time the notice of levy on the respondent's property; forthwith, the petitioner held in abeyance the sale of the levied property at public auction; barred by the failure of the respondent to file a third-party claim in Civil Case No. 16453, the petitioner could not cause the removal of the levy; in lieu thereof, it suggested to the respondent the filing of a motion to cancel levy and that the petitioner will not oppose such motion; surprisingly, it was only on April 12, 1994 that the respondent filed such motion; the petitioner was thus surprised that the respondent filed an action for damages against it for his failure to secure a timely loan from the UCPB and PDB. The petitioner thus prayed:

WHEREFORE, in view of the foregoing premises, it is respectfully prayed of this Honorable Court that judgment be rendered in favor of defendant UCPB, dismissing the complaint in toto and ordering the plaintiff to:

1. pay moral damages in the amount of PESOS: THREE MILLION P3,000,000.00 and exemplary damages in the amount of PESOS: FIVE HUNDRED THOUSAND P500,000.00;
2. pay attorney's fees and litigation expenses in an amount of not less than PESOS: TWO HUNDRED THOUSAND P200,000.00;

Other reliefs and remedies deemed just and equitable under the premises are also prayed for.<sup>[20]</sup>

In the meantime, in 1995, PDB released the proceeds of the loan of Ramdustrial Corporation which the latter remitted to UCPB.

On March 4, 1997, the RTC rendered a decision in favor of the respondent. The complaint against Sheriff Villapaña was dismissed on the ground that he was merely performing his duties. The decretal part of the decision is herein quoted:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant UCPB, and the latter is hereby ordered to pay the following:

- (1) P800,000.00 as moral damages;
- (2) P100,000.00 as exemplary damages;
- (3) P100,000.00 as attorney's fees;
- (4) Cost of suit.<sup>[21]</sup>

The trial court found that contrary to the contention of the petitioner, it acted with caution in looking for leviable properties of the judgment debtors/defendants in Civil Case No. 16453, it proceeded with haste as it did not take into consideration that the defendant Teofilo Ramos was married to Amelita Ramos and had a "Sr." in his name, while the respondent was married to Rebecca Ramos and had "C" for his middle initial. The investigation conducted by CAID appraiser Eduardo C. Reniva did not conclusively ascertain if the respondent and Teofilo Ramos, Sr. were one and the same person.

The trial court further stated that while it was Ramdustrial Corporation which applied for a loan with UCPB and PDB, the respondent, as Chairman of Ramdustrial Corporation, with his wife Rebecca Ramos, signed in the promissory note and acted as sureties on the said obligations. Moreover, the property which was levied was the respondent's only property where he and his family resided. Thus, the thought of losing it for reasons not of his own doing gave rise to his entitlement to moral damages.

The trial court further ruled that the mere fact that the petitioner did not file an opposition to the respondent's motion to cancel levy did not negate its negligence and bad faith. However, the court considered the cancellation of annotation of levy as a mitigating factor on the damages caused to the respondent. For failure to show that he suffered actual damages, the court *a quo* dismissed the respondent's claim therefor.

Dissatisfied, the petitioner interposed an appeal to the Court of Appeals (CA). On March 30, 2001, the CA rendered a decision affirming, *in toto*, the decision of the trial court, the decretal portion of which is herein quoted:

WHEREFORE, based on the foregoing premises, the assailed decision is hereby AFFIRMED.<sup>[22]</sup>