



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated September 7, 2022 which reads as follows:

“G.R. No. 241142 (*Philippine Savings Bank vs. Banco De Oro Universal Bank*). – This is a Petition for Review on *Certiorari*¹ assailing the Decision² dated October 27, 2017 and the Resolution³ dated July 24, 2018 of the Court of Appeals (CA) in CA-G.R. CV No. 102999, which affirmed with modification the Decision⁴ dated June 9, 2014 of the Regional Trial Court (RTC) of Makati City, Branch 66 in Civil Case No. 08-282.

The antecedents of this case are as follows:

On April 11, 2008, Philippine Savings Bank (PSBank) filed a Complaint⁵ against Banco De Oro Universal Bank (BDO), the surviving entity after the merger of Banco De Oro and Equitable PCI Bank (EPCIB), for sum of money and damages, particularly amounting to ₱1,500,000.00 plus 12% interest per *annum* from the time of first demand until fully paid, and ₱150,000.00 by way of attorney’s fees.⁶

The complaint alleged the following:

3. Spouses Crisanta and Junel Jingco applied for a housing loan with Plaintiff in the amount of ONE MILLION FIVE HUNDRED THOUSAND PESOS (₱1,500,000.00) to take out a property registered in the name of one Elisa del Rosario under Transfer Certificate of Title (TCT) No. 90858 of the Registry of Deeds for General Santos City, and mortgaged with EPCIB as collateral for the loan of Spouses Teddy and Carmela Rendon. At the time of such application, Crisanta Jingco was an officer of EPCIB at the latter’s Pendatun Branch as Personal Bank Manager.

¹ *Rollo*, pp. 40-61.

² *Id.* at 66-84. Penned by Associate Justice Zenaida T. Galapate-Laguilles, and concurred in by Associate Justices Magdangal M. De Leon and Franchito N. Diamante.

³ *Id.* at 86-87.

⁴ *Id.* at 169-172. Penned by Presiding Judge Joselito C. Villarosa.

⁵ *Id.* at 126-133.

⁶ *Id.* at 66-67.

4. Plaintiff approved said loan subject to the condition that the same loan shall be secured by a registered Real Estate Mortgage over TCT No. 90858 and submission of several documents including the owners duplicate copy of said title, the tax declaration, and cancellation of mortgage by EPCIB.

5. Prior to the submission of the said documents, Plaintiff approved the release of loan proceeds to EPCIB. Said loan proceeds was released via Cash[i]er's Check No. 3562 dated May 9, 2005 in the amount of ONE MILLION FIVE HUNDRED THOUSAND PESOS (P1,500,000.00) payable to "EQUITABLE PCIBANK FAO ELISA DEL ROSARIO".

6. The said check was acknowledged and received on May 9, 2005 by Crisanta Jingco, in her capacity as Personal Bank Manager, Pendatun Branch of EPCIB. The dorsal portion of Cashier's Check No. 3562 bears the endorsement of EPCIB which states "ALL PRIOR ENDORSEMENT AND/OR LACK OF ENDORSEMENT GUARANTEED EQUITABLE PCI BANK PENDATUN GEN SANTOS MAY 10, 2005."

7. On May 29, 2006, Plaintiff demanded from EPCIB the release of the said documents, i.e. owners duplicate copy of said TCT No. 90858, tax declaration, and cancellation of mortgage, among others. However, EPCIB refused to release said documents for the reason that EPCIB's Loans Processing Center did not receive any loan payment for the account of Spouses Teddy/Carmela Rendon as stated in its letter dated June 6, 2006 which reads in part, as follows:

"Regret to inform you that we could not deliver to you pertinent documents such as TCT No. T-90858 with the corresponding TD registered in the name of Elisa del Rosario and the cancellation of REM because our Loans Processing Center did not receive from you any loan payment for the account of Sps. Teddy/Carmela Rendon.

However, we would like to inform you that we are releasing above-mentioned documents to the registered owner, Ms. Elisa del Rosario due to the full payment made by Mrs. Mary Ann Artis on May 24, 2006 for the loan of Sps. Teddy/Carmela Rendon in which said property was collateralized."

8. Plaintiff made several demands upon EPCIB to deliver the subject title and other documents or to return the amount of the said Cashier's Check, however, EPCIB refused and continue to refuse.

9. On November 2, 2006, Plaintiff filed a complaint against EPCIB before the Philippine Clearing House Corporation (PCHC) Arbitration Committee for the recovery of the said amount of ONE MILLION FIVE HUNDRED THOUSAND PESOS (P1,500,000.00), among others. And after due hearing, the PCHC Arbitration Committee promulgated its Decision dated June 20, 2007 in favor of Plaintiff, recognizing that EPCIB has the obligation to return the aforesaid amount to Plaintiff under the principle of *solutio indebiti*. However, upon Motion for Reconsideration filed by EPCIB, the PCHC Board of Directors issued Board Resolution No. 02-2008 dated January 30, 2008, which set aside the said Decision of PCHC Arbitration Committee and dismissed Plaintiff's complaint before PCHC for lack of jurisdiction "WITHOUT PREJUDICE to the filing of an appropriate case before a court of law." Plaintiff did not appeal said Board

Resolution and opted to file the present complaint before this Honorable Court.⁷(Citations omitted)

PSBank alleged that “the amount of ONE MILLION FIVE HUNDRED THOUSAND PESOS (P1,500,000.00) which EPCIB received cannot now serve the purpose for which it has been released, because the loan which it intends to pay off has already been paid,⁸ considering the full payment made by a certain Mrs. Mary Ann Artis on the total obligation of the Spouses Teddy and Carmela Rendon. Hence, BDO, as successor-in-interest of EPCIB, was purportedly obliged “to return the proceeds of the Cashier’s Check No. 3562 which it received when there is no right to demand it.”⁹ PSBank supported its contentions by invoking the principle of *solutio indebiti*, as follows:

11. Under the principle of *solutio indebiti*, a juridical relation is created when somebody received something from another without any right to demand for it, and the thing was unduly delivered to him [or her] through mistake. The obligation to return the thing arises on the part of the recipient. Thus, under Article 2154 of the Civil Code, “if something is received when there is no right to demand it, and it was unduly delivered through mistake, the obligation to return it arises.”¹⁰

On June 18, 2008, BDO filed its Answer with Counterclaim¹¹ where it prayed for the dismissal of the Complaint filed against it, as well as for payment of attorney’s fees of ₱300,000.00 plus litigation and other expenses, and exemplary damages of ₱200,000.00 from PSBank. It argued that:

11. Defendant submits that plaintiff’s complaint merely made claims, assertions and conclusions to lend a semblance of validity to a cause of action that, from inception, did not exist nor give rise to the institution of such baseless and unfounded grievances against it.

12. But for the sake of argument, defendant further submits that plaintiff is not to [sic] the reliefs demanded as shown by the following:

12.1 Sometime on [sic] December 2000, Spouses Teddy and Carmela Rendon contracted a loan with defendant for the amount of ₱1,500,000.00. The said loan was secured by a Real Estate Mortgage executed by Ms. Elisa del Rosario as third-party Mortgagor over a lot covered by TCT No. 90858 of the Registry of Deeds of General Santos City.

12.2 On 24 May 2006, a third-party Mrs. Mary Ann Artis, made a full payment of the total obligation of the Spouses Teddy and Carmela Rendon. Thus, the said

⁷ Id. at 127-129.

⁸ Id. at 129.

⁹ Id. at 130.

¹⁰ Id. at 129.

¹¹ Id. at 162-168.

Mortgage was cancelled and the subject TCT No. 90858 together with all appurtenant documents thereto was released to the registered owner Ms. Elisa del Rosario.

12.3 Contrary to plaintiff's claim, defendant IS NOT AWARE of any loan and/or "loan take-out" transaction involving plaintiff and defendant concerning the subject property covered by TCT No. 90858 under the name of Elisa Del Rosario. The truth of the matter being, defendant did not enter into any transaction, much less gave its consent and/or negotiated with plaintiff for the "loan/mortgage take-out" of the subject obligation secured by the subject property.

12.4 Hence, defendant is under no legal obligation to release the subject documents to any person or entity except the registered owner thereof, whose loan obligation was fully paid by third-party Mrs. Mary Ann Artis.

13. Moreover, no such proof was presented by the plaintiff that would justify its allegation that defendant actually received the subject check for the purpose of a loan take-out of Spouses Teddy and Carmela Rendon.

14. In any event, no less than plaintiff admitted that it was the Spouses Cristina and Junnel Jingco who entered into the "loan/mortgage take-out" transaction with plaintiff. Thus, it is clear that the subject transaction was a private and personal transaction of the Spouses Cristina and Junnel Jingco with plaintiff, and could not have involved defendant bank without its knowledge and consent.¹²

In a Decision¹³ dated June 9, 2014, the RTC dismissed the Complaint and ordered PSBank to pay for the attorney's fees of BDO, as well as costs of suit, as follows:

WHEREFORE, premises considered, the Court hereby resolves the following:

- 1) DISMISS the instant Complaint;
- 2) DIRECT plaintiff to pay defendant the amount of THREE HUNDRED THOUSAND PESOS (Php300,000.00) as and by way of attorney's fees considering the defendants were forced to engage the services of counsel to litigate its valid claim; and
- 3) DIRECT the plaintiff to PAY the costs.

SO ORDERED.¹⁴

Aggrieved, PSBank filed a Notice of Appeal¹⁵ before the RTC on July 3, 2014 where it raised the following errors:

¹² Id. at 164-165.

¹³ Id. at 169-172.

¹⁴ Id. at 172.

¹⁵ Id. at 19.

- 5.1. Whether or not the Honorable Regional Trial Court gravely erred when it dismissed the Complaint of PSBANK;
- 5.2. Whether or not the Honorable Regional Trial Court gravely erred when it awarded Attorney's Fees in favor of BDO.¹⁶

In the assailed Decision¹⁷ dated October 27, 2017, the CA dismissed the appeal for lack of merit and affirmed the RTC Decision with modification. The dispositive portion reads:

WHEREFORE, premises considered, the *Appeal* filed by Philippine Savings Bank on 3 July 2014 is **DISMISSED**. The *Decision* rendered by Branch 66 of the Regional Trial Court of Makati City on 9 June 2014 is **AFFIRMED** with **MODIFICATION**. The award of PHP300,000.00 to Banco De Oro Universal Bank by way of attorney's fees is **DELETED**.

SO ORDERED.¹⁸

On November 23, 2017, PSBank filed a Motion for Partial Reconsideration¹⁹ which the CA denied in the assailed Resolution²⁰ dated July 24, 2018.

Hence, this Petition for Review on *Certiorari* where PSBank argues that the CA erred in affirming the RTC Decision which dismissed its Complaint as it failed to consider that BDO did not apply the proceeds of the cross check to the loan account of the Spouses Rendon contrary to the intention and instruction of PSBank.²¹

In a Resolution²² dated October 15, 2018, this Court, without necessarily giving due course to the petition, resolved to require BDO to file a Comment thereon, not a motion to dismiss, within 10 days from notice.

In its Comment/Opposition,²³ BDO argued that the CA correctly affirmed the Decision of the RTC which dismissed PSBank's complaint due to the latter's failure to prove its case by preponderance of evidence.²⁴ For its negligence in transacting business with the Spouses Rendon, PSBank has only itself to blame and may not rightfully recover its loss from BDO.²⁵

¹⁶ Id. at 72.

¹⁷ Id. at 66-84.

¹⁸ Id. at 83.

¹⁹ Id. at 218-222.

²⁰ Id. at 86-87.

²¹ Id. at 49.

²² Id. at 229-230.

²³ Id. at 231-239.

²⁴ Id. at 232.

²⁵ Id. at 235.



In a Resolution²⁶ dated June 3, 2019, this Court required PSBank to file a Reply to the Comment within 10 days from notice. PSBank filed its Reply²⁷ on September 11, 2019.

The issue for consideration is whether the CA correctly affirmed the RTC's dismissal of PSBank's complaint for sum of money and damages due to the latter's failure to prove the allegations therein.

We rule in the affirmative.

In essence, PSBank claims that it has clearly proven that EPCIB directly gained from the proceeds of Cashier's Check No. 3562 because the said check was "debited from the cashier's check account" and was received and endorsed by EPCIB as signified by "the stamped marked portion on the back of the check." Therefore, it was entitled to a verdict ordering BDO to return the amount of ₱1,500,000.00 covered by the aforesaid check, based on the principle of *solutio indebiti*.²⁸

After a perusal of the evidence presented before the RTC, We are constrained to agree with both the RTC and the CA's finding that PSBank failed to prove the allegations in its complaint through the required quantum of proof.

In *Esguerra v. Spouses Ignacio*,²⁹ We ruled that the burden of proof lies with the party who asserts a right, to wit:

At the start, the Court reiterates the general proposition that is true in all civil litigations that the burden of proof lies in the party who asserts, not in the party who denies because the latter, by the nature of things, cannot produce any proof of the assertion denied. Equally true is the dictum that mere allegations cannot take the place of evidence. The party making an allegation in a civil case has the burden of proving the allegation by preponderance of evidence. In this connection, preponderance of evidence is the weight, credit, and value of the aggregate evidence on either side and is usually considered to be synonymous with the term greater weight of evidence or greater weight of credible evidence.³⁰

Thus, in civil cases, the quantum of proof required is preponderance of evidence, which is defined under Rule 133, Section 1 of the Rules of Court, as follows:

Section 1. *Preponderance of evidence, how determined.* - In civil cases, the party having the burden of proof must establish his or her case by a preponderance of evidence. In determining where the preponderance

²⁶ Id. at 244.

²⁷ Id. at 258-263.

²⁸ Id. at 73.

²⁹ G.R. No. 216597, August 26, 2020.

³⁰ Id. citing *Spouses Pamplona v. Spouses Cueto*, 826 Phil. 302 (2018).

or superior weight of evidence on the issues involved lies, the court may consider all the facts and circumstances of the case, the witnesses' manner of testifying, their intelligence, their means and opportunity of knowing the facts to which they are testifying, the nature of the facts to which they testify, the probability or improbability of their testimony, their interest or want of interest, and also their personal credibility so far as the same may legitimately appear upon the trial. The court may also consider the number of witnesses, though the preponderance is not necessarily with the greater number.

“Preponderance of evidence” is the weight, credit, and value of the aggregate evidence on either side and is usually considered to be synonymous with the term “greater weight of evidence” or “greater weight of credible evidence.” It is a phrase which, in the last analysis, means probability of truth. It is evidence which is more convincing to the court as worthy of belief than that which is offered against it.³¹

In this case, as correctly found by the RTC and affirmed by the CA, while the check was in the name of EPCIB for the account of Elisa del Rosario and that it was received by Crisanta Jingco in her capacity as branch manager of then EPCIB (now BDO) Pendatun, General Santos Branch, nowhere did it state in the complaint that the proceeds went to the coffers of EPCIB *per se*—only that it was in the name of EPCIB and the ultimate beneficiary of the said check is Elisa del Rosario. There was also no proof that Crisanta Jingco received the check for and on behalf of EPCIB in order for PSBank to clearly establish that it was EPCIB that benefitted from the proceeds thereof, which would then put the principle of *solutio indebiti* in operation.

Stated otherwise, PSBank failed to prove its case and its entitlement to the relief sought. Despite PSBank's success in proving that BDO presented Cashier's Check No. 3562 for clearing as the collecting bank, and that the sum specified on the check was debited from its account, PSBank did not present any evidence tending to show that the proceeds of the check were credited to BDO's account. Nothing in the record substantiates the allegation that BDO benefitted from the proceeds of the check which it received when there is no right to demand it.

In fact, despite PSBank's failure to prove its allegations which would then shift the burden of evidence to BDO, the latter, nevertheless, successfully controverted PSBank's allegations. BDO was able to establish that the proceeds of the check were instead deposited and credited to the account of the Spouses Teddy and Carmela Rendon (Spouses Rendon) on May 10, 2005 and that such amount was subsequently withdrawn on May 12 and June 3, 2005. The relevant testimony of BDO's witness, Ruth B. Fernandez, Branch Head of BDO's General Santos City-Pendatun Branch is quoted, as follows:

³¹ *Republic v. De Guzman*, 667 Phil. 229, 246 (2011).

Q – Ms. Witness, PSBank also claims that it had approved the release of the loan proceeds to then EPCIB via Cashier's Check in the amount of ₱1,500,000.00 and was received by Ms. Crisanta Jingco in her capacity as Personal Bank Manager of EPCIB Pendatun Branch. What do you have to say to this?

A – Ma'am the transaction which Ms. Crisanta Jingco had with PSBank was purely personal to her and without the participation of then EPCIB.

Q – How about the ₱1,500,000.00 Cashier's Check? What happened to this?

A – Based on our records, the check was deposited and credited to the account of Teddy Rendon on May 10, 2005.

Q – What proof, if any, do you have that this Check was indeed deposited to the account of Teddy Rendon?

A – Ma'am, I have here the deposit slip issued by then Equitable PCIBank indicating that the PSBank Cashier's Check No. 3562 was deposited to the account of client Teddy Rendon on May 10, 2005.

x x x x

Q – Ms. Witness, I am showing you Cashier's Check No. 3562 issued by PSBank dated May 9, 2005 and made payable to Equitable PCIBank FAO Elisa Del Rosario which is marked as PSBank's Exhibit "D". Can you please explain to the Court how this check was credited to the account of Teddy Rendon when in fact it was payable to Equitable PCIBank FAO Elisa Del Rosario?

A – Ma'am, the bank had allowed the deposit of this check to the account of Teddy Rendon by virtue of Agreement for Acceptance of Second Endorsed Checks which clients Carmela and Teddy Rendon had with then Equitable PCIBank.

x x x x

Q (Atty. Xavier) – Ms. Witness, also mentioned in this Affidavit is a deposit slip for ₱1.5 Million pesos, if shown such deposit slip will you be able to recognize the same?

A – Yes, Ma'am.

Q – I am showing to you a deposit slip dated May 10, 2005 in the amount of ₱1.5 Million pesos, is this the same deposit slip mentioned in this Affidavit?

A – Yes, Ma'am.

Q – For the record, Ms. Witness, can you please tell the Honorable Court the Check No. as appearing in the deposit slip, check number of PSBank mentioned in that deposit slip?

A – Yes, it's 0003562 for ₱1.5 Million.

x x x x

Q – In this deposit receipt, Ms. Witness, can you confirm to which account the proceeds of this check was credited to?

A – The check was deposited and credited to the account of Spouses Teddy and Carmela Rendon.

Q – Teddy and Carmela Rendon. We will also request, Your Honor, that the name appearing T. Rendon as the account holder be bracketed and marked as Exhibit 6-a and the amount of ₱1.5 Million...opposite the entire line PSBank check No. 0000003562 in the amount of ₱1.5 Million be bracketed and marked as Exhibit 6-b, Your Honor.

x x x x

Q – Ms. Witness, mentioned in this Affidavit is that the proceeds of the check was credited to the account of Teddy Rendon and that Equitable PCI Bank never benefitted from this deposit, now, do you have any document to prove that indeed it was Teddy Rendon who benefitted from this deposit?

A – Yes, Ma'am, I have here the original copy of the withdrawal slips.

Q – Can you show to the Honorable Court copies of those withdrawal slips?

A – Yes, Ma'am. After the Cashier's Check was cleared [,] there were series of withdrawals made by Spouses Teddy and Carmela Rendon.

Q – And based on these savings account withdrawal slips, can you please tell the Honorable Court how much was withdrawn and when was that withdrawal made?

A – It was withdrawn last May 12, 2005.

Q – How much was withdrawn?

A – For ₱600,000.00. Then later, on that day also May 12, 2005, another ₱500,000.00. Then on June 3, 2005, there was another ₱200,000.00 withdrawal made.

Q – Okay, so how much all in all was withdrawn?

A – It's ₱1.3 Million.

Q – ₱1.3 Million. And can you please explain to the Honorable Court the difference between the ₱1.5 Million check and the ₱1.3 Million that was withdrawn?

A – It's ₱200,000.00.

Q – And what happened to that ₱200,000.00?

A – We are not aware of that ₱200,000.00 left in the account of Spouses Carmela and Teddy.

Q – But insofar as you are concern it was in the account of?

A – In the account of Spouses Rendon. All the check was in the account of Spouses Rendon.

Q – So will you confirm that the remaining ₱200,000.00 was still in the account of Mr. Teddy Rendon?

A – Yes, during that time.

Q – And Equitable PCI Bank never benefitted out of that?

A – No, the bank never benefitted on this account.

Atty. Xavier – Your Honor, we would like to request that the original copies of these savings account withdrawal slips be marked in evidence as Exhibit 9, another withdrawal slip as Exhibit 10 and the last withdrawal slip as our Exhibit 11, Your Honor.³² (Emphases supplied)

The quasi-contract of *solutio indebiti* harks back to the ancient principle that no one shall enrich himself or herself unjustly at the expense of another.³³ It is embodied in Article 2154 of the Civil Code, which provides:

Article 2154. If something is received when there is no right to demand it, and it was unduly delivered through mistake, the obligation to return it arises.

An obligation of making a reimbursement or restitution arises when: 1) payment is made when there exists no binding relation between the payor, who has no duty to pay, and the person who received the payment; and 2) payment is made through mistake, not through liberality or some other cause.³⁴ The claimant must unequivocally prove that another party knowingly received something of value to which he or she was not entitled and that the state of affairs are such that it would be unjust for the person to keep the benefit.³⁵

As previously stated, it was the Spouses Rendon, not BDO, who ultimately profited from the proceeds of Check No. 3562. Hence, PSBank's case has no leg to stand on which, logically, merits its dismissal.

³² *Rollo*, pp. 77-81.

³³ *Spouses Abella v. Spouses Abella*, 763 Phil. 372, 396 (2015), citing *Moreño-Lentfer v. Wolff*, 484 Phil. 559-560 (2004).

³⁴ See *CBK Power Company Limited v. CIR*, 724 Phil. 686, 700 (2014).

³⁵ *Philippine Commercial International Bank v. Balmaceda*, 673 Phil. 509, 528 (2011), citing *University of the Philippines v. PHILAB Industries, Inc.*, 482 Phil. 693, 709-710 (2004).

Lastly, We affirm the CA’s deletion of the attorney’s fees granted by the RTC in favor of BDO. In *PNCC v. APAC Marketing Corporation*,³⁶ We ruled that:

The general rule is that attorney’s fees cannot be recovered as part of damages because of the policy that no premium should be placed on the right to litigate. They are not to be awarded every time a party wins a suit. The power of the court to award attorney’s fees under Article 2208 demands factual, legal, and equitable justification. Even when a claimant is compelled to litigate with third persons or to incur expenses to protect his or her rights, still attorney’s fees may not be awarded where no sufficient showing of bad faith could be reflected in a party’s persistence in a case other than an erroneous conviction of the righteousness of his cause.³⁷

While BDO was forced to engage the services of counsel to litigate, We find that there was no bad faith on PSBank’s part when it filed the case against BDO as it genuinely believed that it had a cause of action against the latter. Unfortunately, the evidence it presented failed to support such cause of action.

WHEREFORE, the Petition for Review on *Certiorari* is **DENIED**. The Decision dated October 27, 2017 and the Resolution dated July 24, 2018 of the Court of Appeals in CA-G.R. CV No. 102999 are **AFFIRMED**.

SO ORDERED.”

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court ^{9/6/22}

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court

106-II

OCT 10 2022

MANUEL LEVOSADA SISON
& ASSOCIATES
Counsel for Petitioner
9th Floor, PS Bank Center
777 Paseo de Roxas cor. Sedeño Street
1226 Makati City

Court of Appeals (x)
Manila
(CA-G.R. CV No. 102999)

³⁶ 710 Phil. 389 (2013).

³⁷ Id. at 395, citing *ABS-CBN Broadcasting Corporation v. Court of Appeals*, 361 Phil. 499, 529 (1999).



LEGAL SERVICES GROUP
Counsel for Respondent
14/F, BDO North Tower
BDO Corporate Center
No. 7899 Makati Avenue
1200 Makati City

The Hon. Presiding Judge
Regional Trial Court, Branch 66
1200 Makati City
(Civil Case No. 08-282)

Public Information Office (x)
Library Services (x)
Supreme Court
(For uploading pursuant to A.M.
No. 12-7-1-SC)

Philippine Judicial Academy (x)
Supreme Court

Judgment Division (x)
Supreme Court



106-II

UR

NAF OT