

Metropolitan Bank and Trust Company vs. Mariñas
G.R. No. 179105; 26 July 2010

Facts: Larry Mariñas (Mariñas) opened a personal dollar savings account by depositing US\$100,000.00 with Metropolitan Bank and Trust Company (Metrobank). On 13 April 1998, Mariñas obtained a Php2.3million loan from Metrobank, payable on 8 April 1999 with 22.929% annual interest. He withdrew US\$67,227.95 from his US\$100,000.00 savings deposit and placed it in a Foreign Currency Deposit account (FCD 1) which he used as security for said loan. He opened two more FCD accounts, depositing in them US\$25,000.00 (FCD 2) and US\$17,000.00 (FCD 3), respectively. He used FCD 3 as security for a second loan of Php645,150.00 which he obtained from the same bank on 30 April 1999 and which was payable on 24 April 2000 with 16.987% annual interest. The principal of the first loan was paid on 21 April 1999 out of FCD 1, while the principal of the second loan was paid on 10 May 1999 (or barely a month after the loan was taken out) out of FCD 3.

Mariñas later discovered that Metrobank made deductions from his accounts which were all depleted. He demanded a complete accounting and a restoration of his dollar deposits without deductions. In response, Metrobank explained that the deductions were used to pay for the interest due on his loans. It added that such deductions were authorized by Mariñas through the Deeds of Assignment with Power of Attorney which he voluntarily executed and under which he gave Metrobank a general lien on, and/or a right of set-off, and/or the right to apply to his loan account, all his rights, title and interest in any of his deposit accounts held by Metrobank.

Unconvinced, Mariñas filed a case for Damages against Metrobank and the Manager of the Metrobank Branch where he opened said accounts. The Regional Trial Court (RTC) held that the deductions were valid but Metrobank and the Branch Manager should account for and return the US\$30,000.00 and US\$25,000.00 deposits since these were not assigned to answer for the loans. The RTC held Metrobank and the Branch Manager solidarily liable to pay Mariñas moral and exemplary damages. On appeal, the Court of Appeals sustained the RTC's decision but absolved the Branch Manager from liability absent proof of bad faith or gross negligence or a personal commitment to answer for such liability. Metrobank, thus, brought the case to the Supreme Court for review.

Issue: Whether or not Metrobank's deductions from Mariñas' dollar accounts were valid.

Held: Metrobank was empowered to make lawful deductions from Mariñas accounts for such amounts due it. This was authorized in the Promissory Notes and Deeds of Assignment with Power of Attorney executed by Mariñas, under which he gave Metrobank a general lien on, and/or a right of set-off and/or the right to apply to his loan account, all his rights, title and interest in any of his deposit accounts held by Metrobank. As provided in Article 1159 of the Civil Code, "obligations arising from contract have the force of law between the contracting parties and should be complied with in good faith." Verily, parties may freely stipulate their duties and obligations which perforce would be binding on them. Not being repugnant to any legal proscription, the said stipulation must be respected and given the force of law between the parties.

In addition to its authority to effect deductions from Mariñas's accounts for the principal loan amount, Metrobank was authorized to make further deductions for interest payments as stipulated. However, the issue of whether it acted judiciously was an entirely different matter. As a business affected with public interest, and because of the nature of their functions, banks are under obligation to treat the accounts of their depositors with meticulous care, always having in mind the fiduciary nature of their relationship.

Mariñas had interest-earning deposits with Metrobank. Considering the total amount of Mariñas' deposits in his dollar accounts inclusive of interests earned vis-à-vis his total obligations to Metrobank, the total depletion of his accounts was not warranted. Thus, despite its authority to make lawful deductions from Mariñas' deposit accounts, Metrobank should still account for whatever excess deductions made on Mariñas' deposits and return to him such excess amounts together with earned interest. For this reason, the award of damages was upheld.

lexforiphillippines.com