Title:

David Nacionales vs. Hon. Leah Garnet G. Solde-Annogui and Pera-Multipurpose Cooperative

Facts:

The case originated from a small claims action filed by Pera-Multipurpose Cooperative, represented by Jay Bonghanoy, against David Nacionales for the collection of a sum of money and damages. This case was assigned to the 3rd Municipal Circuit Trial Court (MCTC) of Nabunturan presided over by Judge Leah Garnet G. Solde-Annogui. The Cooperative alleged that it granted Nacionales a loan of P67,700.00 on July 13, 2017, with a 24-month repayment period at a 24% annual interest rate. However, Nacionales defaulted, accumulating a debt of P49,436.46 including interest, penalty, and attorney's fees as of March 29, 2019. A demand letter was sent but remained unheeded, leading to the filing of a small claims action demanding the outstanding debt and the reimbursement of the filing fee.

Nacionales received the Summons and Statement of Claim but failed to respond. On July 3, 2019, both parties appeared in court but did not reach a settlement. The court proceeded with the hearing and issued a decision partly granting the Cooperative's claim, ordering Nacionales to pay a reduced sum. Aggrieved, Nacionales filed a Petition for Certiorari and Mandamus with the Supreme Court, arguing the repayment schedule violated the Truth in Lending Act, claiming due process violation as the judge allegedly was not present during the hearing, and questioning the 24% interest imposition.

Issues:
1. Does the repayment schedule offered by Pera-Multipurpose Cooperative violate the Truth in Lending Act?
2. Was Nacionales denied procedural due process because the judge allegedly had not conducted the hearing herself?
3. Is the imposition of a 24% interest rate by Judge Solde-Annogui after the judgment's finality correct?

Court's Decision:
The Supreme Court dismissed the petition based on the policy of hierarchy of courts, emphasizing that the petitioner directly filed the petition with the Supreme Court without providing a compelling reason for bypassing lower courts. The Court also pointed out that if the hierarchy of courts were to be disregarded, the petitioner's request for the extraordinary writ of certiorari would still be denied as it requires an establishment of

jurisdictional errors, which the petitioner failed to prove.

Doctrine:
The policy on the hierarchy of courts necessitates that petitions for the issuance of extraordinary writs should be filed with lower courts unless there are special and compelling reasons to direct the petition to the Supreme Court. This policy aims to streamline the judicial process, efficiently allocating the workload among various levels of the judicial system, and preserving the time of the Supreme Court for matters within its exclusive jurisdiction.

Class Notes:
– The **hierarchy of courts** policy mandates that a petitioner should first seek relief in lower courts (like the RTC or CA) unless special circumstances justify a direct filing with the Supreme Court.
– A **Petition for Certiorari under Rule 65** is appropriate when there is "no appeal, nor any plain, speedy, and adequate remedy in the ordinary course of law," focusing on jurisdictional errors, not on the merits of the case.
– The **Truth in Lending Act** aims to protect users of credit by mandating a clear disclosure of credit terms, which the petitioner argued was violated in his loan repayment schedule.
– **Procedural due process** involves the fair and proper administration of justice, which the petitioner claimed was violated due to the judge's alleged absence during the hearing.

Historical Background:
The case reflects the judiciary's emphasis on maintaining the procedural hierarchy and the principle of due process within small claims courts, which are designed to provide a faster resolution of minor financial disputes. It illustrates the balance between judicial efficiency and individual rights to fair hearing practices, within the context of an evolving Philippine legal system handling an increasing volume of small claims cases.