

ELISA ARBUES, PLAINTIFF-APPELLEE VS. EPIFANIO ARBUES AND ANDRES ARBUES, DEFENDANTS-APPELLANTS

CR No. 92271, November 18, 2010

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Court of Appeals

THE CASE

Before Us is an appeal from the Decision[1] dated August 21, 2007 of the Regional Trial Court (RTC), Branch 23, Trece Martires City in Civil Case No. TM-710 for Sum of Money which ordered appellant Epifanio Arbues to pay appellee Elisa Arbues the amount of P150,000.00 plus litigation expenses of P15,000.00, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff as against defendant [E]pifanio Arbues only ordering said defendant to pay the amount of Php 150,000.00 and to pay litigation expenses in the amount of Php15,000.00.

SO ORDERED.

THE FACTS

On June 6, 1995, appellant Andres Arbues went to the house of their relative[2] appellee Elisa Arbues in Biwas, Tanza, Cavite. Appellant Andres told appellee Elisa that his father, herein appellant Epifanio Arbues, wanted to borrow from her the amount of P150,000.00. Since appellee Elisa had no cash on hand, she withdrew money from her bank as shown by the entry in her Prudential Bank Passbook[3] dated June 6, 1995 reflecting the amount of P149,000.00. Appellee Elisa added[4] P1,000.00 and gave the amount of P150,000.00 to appellant Andres who, in turn, handed it to appellant Epifanio. A corresponding promissory note[5] dated June 6, 1995 was signed by appellant Epifanio and given to appellee Elisa acknowledging the acceptance of P150,000.00 with a promise to return the money as soon as possible. However, after several months, appellant Epifanio failed to pay his indebtedness. On January 9, 1996, appellee Elisa sent a demand letter[6] to appellant Epifanio for the payment of the loan, but no payment was still made.

The case was referred for barangay conciliation, but no settlement was reached. Consequently, on November 26, 1996, appellee Elisa filed a complaint[7] for Sum of Money before the RTC of Trece Martires City against appellants praying that they be ordered to jointly and severally pay the loan of P150,000.00 with legal interest plus litigation expenses of P5,000.00.

For appellants' defense, Appellant Epifanio denied the existence of the loan and his signature in the promissory note because he does not know to read and write.[8] Appellee Andres cannot likewise be held liable because he merely signed in the promissory note as a witness. Moreover, the amount of P150,000.00 was not a loan, but an amount which was voluntarily given by appellee Elisa to appellant Epifanio "in trust" for a certain Mrs. Nilda I. Ramos. As counterclaim, appellants prayed that appellee Elisa be ordered to pay them P10,000.00 as attorney's fees plus P1,000.00 as appearance fee per court hearing.

Trial on the merits ensued thereafter.

In the assailed Decision[9] dated August 21, 2007, the court a quo ruled in favor of appellee Elisa and ordered appellant Epifanio only to pay the amount of P150,000.00 plus litigation expenses of P15,000.00. It ratiocinated that appellee Elisa clearly substantiated her claim that appellant Epifanio indeed borrowed from her the amount of P15,000.00 as shown by the promissory note dated June 6, 1995. However, despite repeated demands, appellant Epifanio failed to pay the same! Appellee Elisa also established that has withdrawn the said amount from her bank as shown by her Prudential Bank passbook and then gave it to appellant Epifanio. Further, the court a quo gave no merit to appellant Epifanio's defense that he does not knows how to read and write because the same was not proved. The pertinent portions of the assailed Decision are quoted:

* * *

Plaintiffs' allegations must be given merit. In her complaint Mrs. Elisa Arbues alleged that on June 6, 1995 defendant Epifanio Arbues borrowed from her amount of Php150,000.00 and despite her repeated demands for defendant Epifanio Arbues [to] pay, the latter failed. Plaintiffs claim is properly substantiated. Submitted by the plaintiff is a receipt (memorandum) which clearly show that defendant Epifanio Arbues received the amount of Php150,000.00 in June 6, 1995. There is no better proof to show that Epifanio has an obligation to pay the plaintiff but the memorandum.

Plaintiff was able to prove that she withdrew the amount from the bank and gave it to Epifanio and that the withdrawal was properly reflected in the bankbook of the plaintiff.

The defense interposed by the defendants denying his signature for he does not know to read and write cannot be given merit. The court considered it as self serving for defendant failed to prove that he is unlettered. Furthermore, defendant Epifanio Arbues admitted that if ever he received the amount of Php150,000.00 from the plaintiff, he held it in trust for a certain Nilda Ramos for the reason that plaintiff was wrongly paid Mrs. Ramos.

With respect to this Court can clearly see the admission of Epifanio Arbues that he received the amount of Php150,000.00 from plaintiff.

* * *[10]

Hence, this appeal in which appellants raised the following assignment of errors[11], to wit:

I

THAT THE COURT A QUO FAILED TO STATE CLEARLY AND DISTINCLY THE FACTS AND LAW ON WHICH THE APPEALED DECISION WAS BASED, THEREBY RENDERING THE SAME NULL AND VOID.

II

THAT APPELLEE ELISA MISERABLY FAILED TO PROVE EVEN BY SUBSTANTIAL EVIDENCE THAT APPELLANTS OWED HER THE ALLEGED SUM OF ONE HUNDRED FIFTY THOUSAND PESOS (150,000.00).

III

THAT "LITIGATIONS CANNOT BE PROPERLY RESOLVED BY SUPPOSITIONS, DEDUCTIONS OR EVEN PRESUMPTIONS, WITH NO BASIS IN EVIDENCE, FOR THE TRUTH MUST HAVE TO BE DETERMINED BY THE HARD RULES OF ADMISSIBILITY AND PROOF." (Lagon vs. Hooven Comalco Industries, Inc., 349 SCRA 363).

IV

THAT APPELLEE ELISA'S COMPLAINT WAS FILED WITHOUT COMPLIANCE WITH THE

MANDATORY REQUIREMENTS OF CONCILIATION UNDER THE LOCAL GOVERNMENT CODE, HENCE, THE CASE SHOULD BE DISMISSED.

THE ISSUE

The primordial issue for the resolution of this Court is whether or not court a quo correctly ordered appellant Epifanio to pay appellee Elisa the amount of P150,000.00 and litigation expenses of P15,000.00.

THE COURT'S RULING

The appeal is bereft of merit.

Appellants contend that there was no proof that appellant Epifanio received or even owed appellee Elisa the amount of P150,000.00. A reading of decision will also show that it does not specify clearly and distinctly the facts and the law on which the decision was based pursuant to Article VIII, Section 14 of the Constitution. Further, the complaint was filed without compliance with the mandatory requirement of barangay conciliation under the Local Government Code.

We are not persuaded.

At the outset, appellants' claim that appellee Elisa failed to first resort to barangay conciliation, deserves scant consideration. In *U-Bix Corporation vs. Bandiola*[12], the Supreme Court held that the one who alleges an affirmative defense that is denied by the complainant, has the burden of proving it. Unless the party asserting the affirmative of an issue sustains the burden of proof, his cause will not succeed.[13] Moreover, if the party fails to establish the facts of which the matter asserted is predicated, the complainant is entitled to a verdict or decision in his or her favor.[14] In any event, the consistent stand of the Court has always been that a case should be decided in its totality, resolving all interlocking issues in order to render justice to all concerned and to end litigation once and for all.[15] Where the public interest so demands, the court will broaden its inquiry into a case and decide the same on the merits rather than merely resolve the procedural question raised.[16] Such rule obtains here in this case wherein the case has been dragging on for more than fourteen (14) years without appellee Elisa having been paid for the amount appellant Epifanio borrowed. Besides, the complete records of the present case have been elevated to this Court, and the pleadings and evidence therein could fully support its factual adjudication.[17]

Moreover, the court a quo correctly ordered appellant Epifanio to pay appellee Elisa the amount of P150,000.00.

Appellee Elisa has clearly establish that appellant Epifanio borrowed from her the amount of P150,000.00 as evidenced by the promissory note¹⁸ dated June 6, 1995 which he himself signed, with an assurance to pay the same as soon as possible. The promissory note was even signed by his son herein appellant Andres, whose signature also appears therein. Appellee Elisa has likewise shown that she withdrew the amount of P149,000.00 from her bank as shown by the entry dated June 6, 1995 in her Prudential Bank Passbook.[19] She added^[20] P1,000.00 and gave the amount of P150,000.00 to appellant Andres who, in turn, handed it to appellant Epifanio.

Having established that appellant Epifanio received the amount of P150,000.00, it is incumbent upon him as a debtor to show his legal certainty that his obligation has been discharged by payment. Well-settled is the rule that when the existence of debt is fully established by the evidence on record, the burden of proving that it has been extinguished by payment devolves upon the debtor.[21] The debtor must prove facts and acts giving rise to its extinction.[22] However, appellant Epifanio failed to prove by any convincing evidence that he has paid the amount of P150,000.00 to appellee Elisa.

This Court cannot subscribe to appellants' lame and uncorroborated defense that appellee Epifanio did not receive

nor sign the promissory note dated June 6, 1995 because he did not know how to read or write. There is no evidence at all to show that appellant Epifanio was illiterate or incapable of entering into a valid agreement. There was likewise no evidence to show that the amount of P150,000.00 was given "in trust" for a certain Nilda I. Ramos. Such allegation is weak in the face of the documentary proofs presented by appellee Elisa. Besides, mere allegation is not evidence and is not equivalent to proof.[23]

The court a quo's decision also substantially complied with the constitutional mandate of Article VIII, Section 14 of the Constitution which provides that "No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based". In *Albaña, et al. vs. Belo et al.*[24], the Supreme Court held that the purpose of Article VIII, Section 14 of the Constitution is to inform the person reading the decision, especially the parties, of how it was reached by the court after a consideration of the pertinent facts and an examination of the applicable laws. The losing party is entitled to know why he lost, so he may appeal to the higher court, if permitted, if he believes that the decision should be reversed.[25] Thus, a decision is adequate if a party desiring to appeal therefrom can sign errors to it.[26]

In the instant case, the court a quo's decision detailed the evidence presented by the parties. It weighed the respective pieces of evidence submitted by them and chose the one that deserved credence. Moreover, appellants were able to assign specific errors to the court a quo's decision and discuss them. Clearly, appellants cannot pretend that they were unable to understand the basis for the trial court's decision.

However, the court a quo's award of litigation expenses of P15,000.00 should be deleted. In *Mercury Drug Corporation vs. Baking*[27], the Supreme Court held that the reason or grounds for the award litigation expenses must be set forth in the body of the decision and not only in the dispositive portion. In the instant case, the text of the decision discussed nothing as the basis for the award of litigation expenses. Hence, the same must be deleted.

WHEREFORE, premises considered, the appeal is hereby DENIED. The Decision dated August 21, 2007 of the Regional Trial Court, Branch 23, Trece Martires City is AFFIRMED WITH MODIFICATION in that the award of litigation expenses of P15,000.00 is DELETED

SO ORDERED.

Carandang and Barrios, JJ., concur.

[1] Decision penned by Executive Judge Aurelio G. Icasiano, Jr., Rollo, pp. 10-14.

[2] Transcript of Stenographic Notes (TSN), May 27, 1998, p. 5.

[3] Records, p. 133.

[4] TSN May 27, 1998, p. 12.

[5] Records, p. 4.

[6] Records, p. 5.

[7] Records, pp. 1-3.

[8] Rollo, p. 12.

[9] *Supra*, note 1

[10] Rollo, p. 14.

[11] Rollo, p. 38.

[12] G.R. No. 157168, June 26, 2007.

[13] Ibid.

[14] Ibid.

[15] The Heirs George Y. Poe vs. Malayan Insurance Company, Inc., G.R. No. 156302. April 7, 2009.

[16] Ibid.

[17] Supra, note 15.

[18] Supra, note 6.

[19] Records, p. 133.

[20] TSN May 27, 1998, p. 12.

[21] Coronet vs. Capati, G.R. No. 157836 May 26, 2005.

[22] G and M (Phil.) Inc., vs. Batomalaque, G R No. 151849, June 23, 2005.

[23] Rodolfo B. Baygar, Sr. vs. Judge Lilian D. Panontongan, et al., A.M. No. MTJ-08-1699 March 17, 2009.

[24] G.R. No. 158734, October 2, 2009.

[25] Ibid.

[26] Ibid.

[27] G.R. No. 156037, May 28, 2007 citing Vibram Manufacturing Corporation vs. Manila Electric Company, G.R. No. 149052, August 9, 2005.

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