

IN THE MATTER OF THE INTESTATE ESTATE OF EUGENIA PEREGRINA, DECEASED. ANG LAM, ADMINISTRATOR, CREDITOR AND APPELLANT, VS. HILARIO PEREGRINA, SPECIAL ADMINISTRATOR AND APPELLEE.

G. R. No. L-4871. January 26, 1953

Ponente: LABRADOR, J.

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LABRADOR, J.:

On December 26, 1944 Eugenia Peregrina borrowed P100,000, Philippine currency prevailing on that date, from Ang Lam, promising to pay it within a period of one year therefrom. Peregrina died on April 1, 1945 and thereupon Ang Lam presented a claim against her estate for the full amount of the indebtedness. Judgment having been rendered thereon for P1,000, the equivalent thereof according to the Ballantyne Conversion Table, Ang Lam has prosecuted this appeal, contending that as the currency in which the indebtedness was to be paid was not agreed upon or stipulated in the contract of loan, this should be in the legal tender on December 25, 1945, or one year from the date of the loan, because both parties had elected to subject their rights to a contingency, i.e., the change in the intrinsic value and purchasing power of the currency.

The cases cited by the appellant in his brief do not support his contention. In the case of *Gomez vs. Tabia*,[*] 47 Off. Gaz. (No. 2) 641, the period fixed for the vendor a retro to redeem the land he sold was "within 30 days after the expiration of one year from June 24, 1944," and in that of *Roño vs. Gomez*,[1] et al., 46 Off. Gaz., (Supp. No. 11) 339, the loan was to be paid one year after October 5, 1944, date of the loan. In the first case the land was redeemable only after June 24, 1945, and in the second the loan was payable only on October 5, 1945. The obligations could not be paid before these dates. The obligations were, therefore, held payable in the currency in existence on those dates.

In the case at bar, however, the loan was payable within one year from December 26, 1944. It could be paid the following day, or any day before liberation, in Japanese military notes, had the debtor chosen to do so. It is incorrect to assume that the parties intended to subject their rights and obligations under the contract to a contingency, a change in the currency, without evidence of said intent. While perhaps they could be presumed to be bound by the fluctuations in the value of the currency they contracted in, it may not be presumed that they intended to gamble on a change therein, in the absence of an agreement, express or implied, to that effect. If it is unfair and unjust that the loan be decreased or completely wiped out because of a change in the currency; it is also unfair and unjust that the loan be paid in the same amount in which it was contracted and at the restored currency, because then the lender would be unduly enriched at the expense of the debtor. The fair and just rule to apply is, therefore, for the debtor to pay the actual value or worth of the loan at the time it was contracted in the currency in existence at the time of payment. This is the spirit of the ruling of this Court in the leading case of *Hilado vs. De la Costa*,[2] et al., 46 Off. Gaz. (No. 11) 5472, which follows the doctrine laid down by the Supreme Court of the United States in the leading case of *Thorington vs. Smith*, 19 Law. ed. 361. To the same effect is our ruling in the case of *Soriano vs. Abalos*,[3] et al., 47 Off. Gaz. (No. 1) 168, where an award of P3,200 as yearly damages

granted in a judgment rendered in December, 1944, was reduced after liberation to its equivalent of P35.53 yearly. We find that the judgment appealed from is correct, and we, therefore, affirm it, with costs against the appellant. Paras, C.J., Feria, Pablo, Bengzon, Padilla, Tuason, Montemayor, Jugo and Bautista Angelo, JJ. concur.

[*] 84 Phil. 269

[1] 83 Phil., 890.

[2] 83 Phil., 471.

[3] 84 Phil., 206.

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