

WILLIAM TAN TO, SR., PLAINTIFF-APPELLANT, VS. FRANK TIU UY DEFENDANT-APPELLANT,

Ponente: TIJAM, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/3437d411682b/>

TIJAM, J.:

Assailed in this appeal is the Decision of the Regional Trial Court of Manila, Branch 27, ordering Frank Tiu Uy, among others[1], to pay the loan he obtained from William Tan To, Sr. amounting to P9.2 Million. The trial court relied heavily on the document denominated as Acknowledgment of Debt and Obligation and Undertaking[2], which evidences the debt obtained by Frank Tiu Uy from William Tan To, Sr. The said document provides:

“That I Frank Tiu Uy , married, of legal age with postal address at 14 Oreta Street, Subdivision Valenzuela City, hereby acknowledge that I will pay Mr. William Tan To Sr. the amount of P4,000,000.00 on November 29, 2004.

I further acknowledged (sic) to pay the additional amount of P5,200,000.00 on or before March 31, 2005. Breakdown as follows: with 3% interest rate based on the total principal amount of P8,000,000.00 for 5 months with the total interest amounting to P1,200,000.00 plus half of the principal amount of P4,000,000.00 starting November 1, 2004 to March 29, 2005.

In view thereof, I hereby confirm that I owe Mr. William Tan To, Sr. the total amount of P9,200,000.00 which I promise to pay on or before March 29, 2005.

As security for the said debt, I hereby assign and transfer to the said Mr. William Tan To, Sr. all my rights over the certificate of Title No. 276895 of the Register of Deeds of Quezon City, If I failed (sic) to pay him the complete total amount of P9,200,000.00 on or before March 29, 2005.

Done in the City of Manila, this 13[th] day of November 2004.

Frank Tiu Uy
Debtor

Conforme:

William Tan To, Sr.”

The same document were signed by Frank Tiu Uy and William Tan To, Sr. and notarized before a notary public.[3]

The trial court further considered the evidence consisting of a check[4] dated November 30, 2004 in the amount of P9.2 Million, which Frank Tiu Uy issued to William Tan To, Sr. as payment for the loan; but the check, when deposited on its due date, was dishonored by the drawee bank[5] due to “account closed”. Frank Tiu Uy replaced the check with the owner's duplicate of Transfer Certificate of Title[6] (TCT) No. 276895 of the Registry of

Deeds of Quezon City, which purports to show that he owned a piece of land consisting of 9.7 hectares. But the TCT turned out to be of spurious origin.

Demands to pay were served upon Frank Tiu Uy but he continuously failed and refused to comply with his obligation under the subject document-- to the damage and prejudice of William Tan To, Sr. To enforce his right against Frank Tiu Uy, William Tan To, Sr. filed a complaint for sum of money with prayer for the issuance of writ of preliminary attachment.

For his part, Frank Tiu Uy merely denied the material allegations in William Tan To, Sr.'s complaint.

On the other hand, Frank Tiu Uy's wife and co-defendant, Nancy, refuted the charge against her stating that the loan obtained from William Tan To, Sr. is personal to Frank. She vehemently denied any participation in the transaction and alleged that the loan contracted did not redound to the benefit of the family. Nancy also alleged that she and Frank were living separately since 2002 because of Frank's addiction to gambling and that they filed with the RTC of Valenzuela City a petition for separation of their conjugal properties, which was granted on January 17, 2005. Nancy denied giving consent to and participating in the issuance of the dishonored check and in the delivery of spurious TCT to William Tan To, Sr.[7]

The trial court ruled that Frank Tiu Uy was civilly liable based on the subject document denominated as Acknowledgment of Debt and Obligation and Undertaking. Frank Tiu Uy received from William Tan To, Sr., on different dates, the amounts mentioned in the subject document and failed to pay them when they became due and demandable. Moreover, Frank Tiu Uy did not deny having signed the subject document and issued the dishonored check.

The trial court further held that the subject document contains admission against interest on the part of Frank Tiu Uy. As such, it must be understood simply as his personal undertaking; absolute and unconditional.[8] Frank Tiu Uy is liable to pay the whole amount with interest thereon at the legal rate from the date of filing of the case on May 18, 2005 until the same is fully paid and satisfied.[9]

The trial court particularly made mention of Nancy's non-participation in the transaction and non-liability therein. It held -

Art. 121, paragraph 3 of the Family Code is emphatic that the payment of personal debts contracted by the husband or wife before or during the marriage shall not be charged to the Conjugal Partnership except to the extent that they redounded to the benefit of the family.

It is clear from the facts that Frank Tiu Uy's indebtedness never redounded to the benefit of the family. As shown in the records, Nancy was the personal owner of the two vehicles attached for the said indebtedness. The conjugal property of the spouses was already dissolved, hence, it was incorrect to make the wife's personal properties liable for Tiu Uy's personal debt.”[10]

x x x x x

“WHEREFORE, PREMISES CONSIDERED, judgment is hereby rendered in favor of the plaintiff and against the defendant Frank Tiu Uy ordering the latter:

1. To pay plaintiff the sum of P9.2 Million with interest thereon at the legal rate from the filing of the case on May 18, 2005 until the same is fully paid and satisfied;
2. To pay exemplary damages in the amount of P150,000.00;
3. To pay attorney's fees in the amount of P200,000.00;
4. To pay the costs of the suit.

For lack of merit, the case as against defendant Nancy Yu Uy is hereby dismissed. Consequently, it is hereby ordered that the attachment made in the two (2) vehicles owned by the said defendant is hereby recalled and the same are ordered returned to her possession.

For lack of merit, defendant's counterclaims are dismissed.

SO ORDERED.”[11]

The present appeal revolves around the dismissal of the case against Nancy and the holding that, it is Frank Tiu Uy alone, who shall be liable to pay William Tan To, Sr. the amount of the loan plus interest, damages, and cost of suit. Frank Tiu Uy hitherto alleged that —

“THE TRIAL COURT ERRED IN HOLDING THAT THE LOAN IS NOT CHARGEABLE AGAINST DEFENDANT FRANK TIU UY'S WIFE NANCY YU UY AND THE DEFENDANTS-SPOUSES' CONJUGAL PARTNERSHIP BASED ALONE ON THE DEFENDANTS-SPOUSES' MERE ALLEGATIONS, WHICH WERE NOT DULY PROVED, THAT THE LOAN DID NOT BENEFIT THE FAMILY.”

THE TRIAL COURT ERRED IN HOLDING THAT THE LOAN CANNOT BE CHARGED AGAINST FRANK TIU UY'S WIFE NANCY UY YU AND THE CONJUGAL PARTNERSHIP, TAKING INTO ACCOUNT THE LEGAL PRESUMPTION THAT THE LOAN BENEFITED THE FAMILY WHICH WAS NOT OVERCOME BECAUSE THE DEFENDANTS-SPOUSES, ESPECIALLY NANCY YU UY, DID NOT ADDUCE OR OFFER EVIDENCE TO OVERCOME THAT PRESUMPTION.”[12]

Frank Tiu Uy submits that the trial court correctly adjudged him liable under the document he signed acknowledging his debt and obligation and undertaking. However, he insists that Nancy and the conjugal partnership are equally liable for the loan considering that (a) the loan preceded the dissolution of the conjugal partnership; (b) Nancy failed to submit any proof supporting her allegation that the loan did not benefit the family; and, (c) the dissolution of the conjugal partnership is suspect; such recourse having resorted to in fraud of or to pre-empt their creditors.[13]

The appeal is not meritorious.

Our attention is drawn to the document signed by Frank Tiu Uy acknowledging his indebtedness to William Tan To, Sr. in the amount of P9.2 Million. Basically, the said document, signed by Frank Tiu Uy alone as debtor, does not bind Nancy, who is not shown to be a party to the loan or have given her consent thereto. Note that the Acknowledgment of Debt and Obligation and Undertaking is written in simple terms, viz:

x x x x x x

In view thereof, I hereby confirm that I owe Mr. William Tan To, Sr. the total amount of P9,200,000.00 which I promise to pay on or before March 29, 2005.

x x x x x x

The use of “I” in the foregoing statement implies exclusivity, that is, the obligation to pay is exclusive to Frank Tiu Uy, as debtor who executed and signed the undertaking. The absence of Nancy's signature in the document confirms her non-participation thereon and is consistent with her claim that she had no knowledge about the loan obtained by Frank Tiu Uy from William Tan To, Sr. as they were in fact been living separately at that time. In fact, Nancy's claim is confirmed by the following testimony of William Tan To, Sr.:

ATTY. CAINGAL:

Q: Mr. witness during your direct-examination you mentioned two series of transactions or two conferences

with this transaction. I am referring to your – with that of Frank Uy.

The first conference was held at Ermita?

WILLIAM TAN TO SR.

A: Somewhere in Ermita.

Q: Specifically what place again?

A: Pan Pacific hotel.

Q: Are you referring to the first meeting?

A: Yes, Sir.

Q: When was that?

A: At Pan Pacific hotel, Sir.

Q: Present thereat were you, Frank Uy, who else?

A: And Melissa alias Tricia, Melissa Arroyal.

Q: Who is Melissa Ar(r)oyal?

A: A friend of Frank Tiu Uy.

Q: Why do you know that she is a friend?

A: A girl friend of Frank Tiu Uy.

Q: Why do you know that she is a friend?

A: A girl friend of Frank Tiu Uy.

Q: Why do you know that she is the girl friend of Frank Tiu Uy?

A: The way they act, I am sure that they have a relationship. At times she would kiss Frank Tiu Uy in my presence and they are holding hands.

Q: Who else were present then?

A: The three of us.

Q: In other words, Nancy Uy was not there?

A: None, Sir.

X X X X X X

Q: But then you did not tell Nancy Uy this transaction?

A: No, Sir.

Not personally.

X X X X X X

Q: And after that you did not verify from Nancy Uy the veracity of the information relayed to you by Frank Uy?

A: No, Sir.

Because that was what Frank Uy told me.”[14]

The totality of the testimony of William Tan To, Sr. confirms Nancy's non-participation in the transaction and/or the lack of knowledge on her part about the transaction. Hence, for Frank Tiu Uy to point his finger at Nancy and the conjugal partnership as equally liable for the loan is not worthy of belief.

Moreover, the record is bereft of any showing that, at the time of the execution of Acknowledgment of Debt and Obligation and Undertaking, Frank Tiu Uy had the authority to dispose of, or encumber their conjugal partnership properties. Neither was he conferred with the power of administration over the said properties. The act of Frank Tiu Uy in executing the document sans Nancy's consent exposed their conjugal partnership properties to danger of being dissipated. Nancy's consent here is essential as a consideration that goes beyond her equitable share in the property. Germane thereto is the doctrinal principle in civil law that the husband cannot alienate or encumber any conjugal real property without the consent, express or implied, of the wife.

Furthermore, the rule was laid down in *Homeowners Savings & Loan Bank v. Dailo*[15] stating that the burden of proof that the debt was contracted for the benefit of the conjugal partnership of gains lies with the creditor-party litigant claiming as such. *Ei incumbit probatio qui dicit, non qui negat* (he who asserts, not he who denies, must prove). The rule in the case cited is premised on the following findings somehow relevant in this case:

“Petitioner's sweeping conclusion that the loan obtained by the late Marcelino Dailo, Jr. to finance the construction of housing units without a doubt redounded to the benefit of his family, without adducing adequate proof, does not persuade this Court. Other than petitioner's bare allegation, there is nothing from the records of the case to compel a finding that, indeed, the loan obtained by the late Marcelino Dailo, Jr. redounded to the benefit of the family. Consequently, the conjugal partnership cannot be held liable for the payment of the principal obligation.” (Emphasis Ours)

Clearly, the burden of proof that the debt was contracted for the benefit of the family lies with the one who asserts – Frank Tiu Uy in this case, not with Nancy. Contrarily, his argument that Nancy failed to disprove the

presumption that the loan redounded to the benefit of the family is unfounded.

Consequently, Nancy or the conjugal partnership cannot be held liable for the payment of the loan. This conclusion is based on Our findings (1) that the loan evidenced by a document denominated as Acknowledgment of Debt and Obligation and Undertaking was signed by Frank Tiu Uy alone as debtor; (2) that Nancy was without knowledge about the loan, as confirmed by the testimony of William Tan To, Sr.; and, (3) that there was no adequate proof adduced that the loan contracted redounded to the benefit of the family.

Of significance is the trial court's factual findings —

“Frank Tiu Uy is a confessed gambler – his wife testified and defendant himself admitted that they separated because of his addiction to gambling. In fact, Frank Tiu Uy and his wife filed a petition for judicial separation of their conjugal properties to avoid them from being squandered by the former. The testimony of Melissa Aroyal did not help. On the contrary, it confirmed that Frank Tiu Uy was an irresponsible and squandering husband. To the mind of the court, Frank Tiu Uy's version is but a last ditch effort on his part to evade liability evidenced by the documents.”[16] (Emphasis Ours.)

We stress the general rule that when supported by substantial evidence, factual findings of the trial court deserves great weight and respect and will not be disturbed absent any showing that the trial court overlooked certain facts and circumstances which could substantially affect the outcome of the case.[17]

We take exception as regards the interest rate to be paid by Frank Tiu Uy in view of the pertinent ruling in *Nacar v. Gallery Frames*[18], thus:

Finally, anent the payment of legal interest. In the landmark case of *Eastern Shipping Lines, Inc. v. Court of Appeals*, the Court laid down the guidelines regarding the manner of computing legal interest, to wit:

II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:

1. When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.

x x x x x

3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.

Recently, however, the Bangko Sentral ng Pilipinas Monetary Board (BSP-MB), in its Resolution No. 796 dated May 16, 2013, approved the amendment of Section 2 34 of Circular No. 905, Series of 1982 and, accordingly, issued Circular No. 799, 35 Series of 2013, effective July 1, 2013, the pertinent portion of which reads: (Underscoring Ours)

The Monetary Board, in its Resolution No. 796 dated 16 May 2013, approved the following revisions governing the rate of interest in the absence of stipulation in loan contracts, thereby amending Section 2 of Circular No. 905, Series of 1982:

Section 1. The rate of interest for the loan or forbearance of any money, goods or credits and the rate allowed in judgments, in the absence of an express contract as to such rate of interest, shall be six percent (6%) per

annum.

Section 2. In view of the above, Subsection X305.1 36 of the Manual of Regulations for Banks and Sections 4305Q.1, 37 4305S.3 38 and 4303P.1 39 of the Manual of Regulations for Non-Bank Financial Institutions are hereby amended accordingly.

This Circular shall take effect on 1 July 2013.

Thus, from the foregoing, in the absence of an express stipulation as to the rate of interest that would govern the parties, the rate of legal interest for loans or forbearance of any money, goods or credits and the rate allowed in judgments shall no longer be twelve percent (12%) per annum — as reflected in the case of Eastern Shipping Lines and Subsection X305.1 of the Manual of Regulations for Banks and Sections 4305Q.1, 4305S.3 and 4303P.1 of the Manual of Regulations for Non-Bank Financial Institutions, before its amendment by BSP-MB Circular No. 799 — but will now be six percent (6%) per annum effective July 1, 2013. It should be noted, nonetheless, that the new rate could only be applied prospectively and not retroactively. Consequently, the twelve percent (12%) per annum legal interest shall apply only until June 30, 2013. Come July 1, 2013 the new rate of six percent (6%) per annum shall be the prevailing rate of interest when applicable.

Pursuant to the foregoing ruling, the interest rate therefore shall be 12% per annum of the total amount payable, computed from May 18, 2005 to June 30, 2013 and 6% per annum from July 1, 2013 until their full satisfaction.

We deem it just and equitable under the foregoing circumstances to retain the award of exemplary damages, attorney's fees, and cost of suit.

WHEREFORE, the instant appeal is DISMISSED. The assailed Decision of the Regional Trial Court of Manila, Branch 27, in Civil Case No. 05-112620 is hereby AFFIRMED.

Frank Tiu Uy is ORDERED to pay William Tan To, Sr. (1) the sum of P9.2 Million with interest of 12% per annum computed from May 18, 2005 to June 30, 2013 and 6% per annum from July 1, 2013 until their full satisfaction; (2) the sum of P150,000.00 by way of exemplary damages; (3) the sum of P200,000.00 as attorney's fees; and, (4) costs.

SO ORDERED.

Lopez, M.V., and Garcia-Fernandez, M.V., JJ., concur.

[1] P9.2 Million with interest thereon at the legal rate from the filing of the case on May 18, 2005 until the same is fully paid and satisfied; exemplary damages in the amount of P150,000.00; attorney's fees in the amount of P200,000.00; and costs of the suit.

[2] See Annex “B” of the Complaint; Record, p. 15.

[3] Record, p. 15.

[4] See Annex “C” of the Complaint; Record, p. 16.

[5] Asia United Bank, Valenzuela Branch; Id.

[6] See Annex “E” of the Complaint; Rollo, p. 18.

[7] RTC Decision; Rollo, p. 36.

[8] RTC Decision; Rollo, p. 41.

[9] Id.

[10] RTC Decision; Rollo, p. 41.

[11] Rollo, p. 42.

[12] Rollo, p. 66.

[13] Id., p. 80.

[14] TSN, February 24, 2006, pp. 3-8. Underscoring and parenthetical insertion Ours.

[15] G.R. No. 153802. March 11, 2005.

[16] Rollo, pp. 40- 41.

[17] Yulo v. People, G.R. No. 142762, March 4, 2005.

[18] G.R. 189871, August 13, 2013.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.