

JOSE M. MALATBALAT, PETITIONER, VS. GLENCELIETA M. CABILDO, RESPONDENT.

Ponente: GARCIA, R. R. J.

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GARCIA, R. R. J.:

Before Us is a Petition for Review[1] under Rule 42 of the 1997 Rules of Civil Procedure assailing the Decision[2] dated February 7, 2014 of the Regional Trial Court, Branch 81, Malolos City, Bulacan which affirmed the Decision[3] dated August 15, 2013 of the Municipal Trial Court in Cities, Branch 1, San Jose Del Monte, Bulacan ordering herein petitioner Jose Malatbalat to pay respondent Glencelieta Cabildo the amount of P184,000.00 plus interests thereon and attorney's fees.

THE FACTS

Records show that on June 24, 2011, petitioner Jose Malatbalat obtained a loan from respondent Glencelieta Cabildo in the amount of P200,000.00 with stipulated interest of three percent (3%) per month payable within five (5) months and in equal monthly installments of P46,000.00 as evidenced by the Agreement[4] of even date duly signed by petitioner and his wife Imelda Malatbalat.

In July 2011, petitioner initially paid P23,000.00 but defaulted in the subsequent months of August and September. In October 2011, petitioner paid another P23,000.00 to respondent, leaving a balance of P184,000.00 inclusive of interest. Respondent made several demands to pay but the same were unheeded by petitioner. Respondent then lodged a complaint before the barangay authorities but the parties failed to reach an amicable settlement.

On April 10, 2012, respondent filed a Complaint[5] for Sum of Money against petitioner before the Municipal Trial Court of San Jose del Monte City, Bulacan. The complaint prayed that petitioner be ordered to pay respondent the outstanding obligation in the sum of P184,000.00 plus legal interest thereon; attorney's fees of P18,400.00 and P2,000.00 per court appearance; costs of suit; and litigation expenses.

In his Answer[6], petitioner denied that he still owes respondent the amount of P184,000.00. He admitted having obtained a loan from respondent in the principal amount of P200,000.00 in June 2011 but insisted that he had already paid the whole amount of P230,000.00 inclusive of interest on July 25, 2011. Respondent even extended another loan to petitioner sometime in August 2011 in the amount of P50,000.00. Petitioner thus prayed that the complaint be dismissed.

Trial on the merits ensued thereafter.

In respondent's Judicial Affidavit[7] which was adopted as her direct testimony, she stated that in June 2011, she lent money to petitioner in the amount of P200,000.00 with interest of three percent (3%) per month, payable within a period of five (5) months in five (5) equal installments of P46,000.00. The foregoing stipulations were contained in an Agreement executed by petitioner himself. Petitioner, however, only made partial payments of P23,000.00 each for the months of July and October, 2011 thereby leaving a balance of P184,000.00. Conciliation proceedings at the barangay level proved to be futile.

For his part, petitioner asserted in his Judicial Affidavit[8] that he has already paid the whole amount of P230,000.00 on July 25, 2011. The payment was confirmed by the fact that respondent extended another loan to petitioner in the amount of P45,000.00 with an interest of P5,000.00 sometime in August 2011.

Petitioner also presented Alfonso Medina, Jr. as his witness. The latter narrated in his Judicial Affidavit[9] that on July 25, 2011, he saw petitioner handing over a sum of money to respondent. When Medina asked petitioner what the money was for and how much money was involved, petitioner replied that it was worth P230,000.00 intended for the payment of his indebtedness to respondent. On cross-examination, however, Medina admitted that he was not able to actually count the money that was handed over by petitioner to respondent.[10]

In a Decision[11] dated August 15, 2013, the MTCC ruled in favor of respondent and ordered petitioner to pay respondent the amount of P184,000.00 plus interests and attorney's fees. Petitioner, being the debtor, failed to discharge the burden that he has already paid his loan obligation. Petitioner could have presented a receipt to show the fact of payment but failed to do so. It is beyond logic that petitioner did not insist for a receipt considering that the transaction involves an enormous amount of money. The fact alone that respondent granted a subsequent loan to petitioner does not itself establish that the previous loan has already been settled. It is not uncommon for a creditor to grant another loan despite the non-payment of a prior loan. Likewise, the testimony of witness Alfonso Medina, Jr. cannot be given credence as he acknowledged during cross-examination that he did not actually count the money that changed hands on July 25, 2011. The pertinent portions of the said decision are quoted:

In proving that he paid the sum of Php230,000.00, defendant presented Exhibit "1", which is an Agreement showing that defendant obtained a loan from plaintiff on August 7, 2011. It is defendant's stance that plaintiff would not have extended a subsequent loan to him had he not paid his previous loan of Php230,000.00.

The court is not persuaded.

It must be pointed out that Exhibit "1", is nothing more than an evidence of a subsequent loan that he obtained from the plaintiff. It does not prove or even raise the presumption, disputable or otherwise, that he had already paid his previous obligation of Php230,000.00. For it is neither uncommon nor impossible for a debtor to obtain or a creditor to grant a subsequent loan to the former despite the non-payment of a previous loan. What will prove the fact of payment is a receipt, which is a written and signed acknowledgment that money has or goods have been delivered. In this case, no such receipt or acknowledgment nor proof of full payment was shown to the satisfaction of the court.

In the same vein, the testimony of Alfonso Medina cannot be safely relied upon to prove the fact of payment of the whole Php230,000.00 by defendant. Said witness testified that he saw defendant handed money to plaintiff on July 25, 2011. However, he admitted that he was not able to count the money handed over to plaintiff by defendant and that he only came to know of the amount from the lips of the latter xxx

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Further, if defendant had actually paid plaintiff, logically, defendant would have asked for a receipt evidencing his payment. This is especially true if the transaction involves a hefty amount like Php230,000.00. But here, defendant did not do so. He claimed that plaintiff's policy was based on trust that is why he was not prompted to ask for any receipt. The court finds this claim hard to believe for if their transaction was really based on trust, there should not have been any need to put his loan obligation in writing. In any case, assuming, ex gratia argumenti that their transaction is based on trust, it is highly improbable for defendant to part with such substantial amount of money without asking for a receipt, or at least, for the return of the agreement evidencing his loan obligation xxx. With these, the claim of payment by defendant must necessarily fail.

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The contention of defendant that the claim of plaintiff is premature as there was no demand to pay made by plaintiff before the instant action was filed is also puerile. It must be pointed out that when plaintiff went to the barangay to seek the help of the barangay staff to collect from defendant his loan obligation is already considered a prior demand to pay. xxx

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xxx since the obligation in this case involves a loan and there appears on the face of the Agreement no stipulation as to the interest due, the rate of interest shall be 12% per annum computed from the date of extrajudicial demand, which in this case is November 25, 2011 until fully paid. After the judgment becomes final and executory until the obligation is satisfied, the amount due shall earn an interest at 12% per year, the interim period being deemed equivalent to a forbearance of credit.

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WHEREFORE, premises considered, defendant is ordered to pay plaintiff the sum of One Hundred Eighty Four Thousand Pesos (Php184,000.00) plus twelve percent (12%) interest per year from November 25, 2011 until its satisfaction. After this decision becomes final and executory, interest at 12% per year shall be additionally imposed on the total obligation until full payment. Further, defendant is ordered to pay P15,000.00 as reasonable attorney's fees.

Costs de officio.

SO ORDERED.[12]

Unsatisfied, petitioner appealed to the Regional Trial Court, Branch 81, Malolos City which, in a Decision[13] dated February 7, 2014, affirmed in toto the decision of the MTCC. The dispositive portion of the said decision is quoted:

WHEREFORE, premises considered, the decision dated August 15, 2013 rendered by the Municipal Trial Court in Cities of San Jose del Monte City, Bulacan in Civil Case No. 006-SJ-2012 is hereby affirmed in toto.

SO ORDERED.[14]

Hence, the instant petition for review raising the lone issue[15], to wit:

WHETHER THE COURT A QUO GRAVELY ERRED IN AFFIRMING THE DECISION OF THE MTCC ORDERING PETITIONER TO PAY RESPONDENT THE AMOUNT OF PHP184,000.00 PLUS INTERESTS AND ATTORNEY'S FEES.

THE ISSUE

The pivotal issue to be resolved is whether or not the court a quo erred in affirming the MTCC's ruling ordering petitioner to pay respondent the amount of P184,000.00 plus interests thereon and attorney's fees.

THE RULING

Petitioner contends that the lower courts erred in ordering him to pay respondent the sum of P184,000.00 considering that the said indebtedness has already been paid on July 25, 2011 as witnessed by Alfonso Medina. As a matter of fact, respondent extended another loan to petitioner on August 7, 2011 in the amount of P50,000.00 inclusive of interest. Had petitioner failed to settle his previous obligation, respondent would not have granted him a new loan.

We do not agree.

At the outset, it must be pointed out that the existence of petitioner's loan obligation in the amount of P230,000.00 inclusive of interest to respondent is undisputed. What remains in question is the fact of alleged payment of the

said obligation.

Jurisprudence is replete with rulings that in civil cases, the party who alleges a fact has the burden of proving it. Burden of proof is the duty of a party to present evidence of the facts in issue necessary to prove the truth of his claim or defense by the amount of evidence required by law. Thus, a party who pleads payment as a defense has the burden of proving that such payment has, in fact, been made. When the plaintiff alleges nonpayment, still, the general rule is that the burden rests on the defendant to prove payment, rather than on the plaintiff to prove nonpayment.[16]

In *Jimenez vs. NLRC*,[17] it was held that the positive testimony of a creditor may be sufficient by itself to show non-payment, even when met by indefinite testimony of the debtor. Similarly, the testimony of the debtor may also be sufficient to show payment but, where his testimony is contradicted by the other party or by a disinterested witness, the issue may be determined against the debtor since he has the burden of proof. The testimony of the debtor creating merely an inference of payment will not be regarded as conclusive on that issue.

In the instant case, although respondent admitted receipt of partial payments, petitioner, being the debtor, still has to present proof of full payment. Petitioner, however, failed to discharge his burden for the reasons set forth hereunder.

First, petitioner's reliance on the fact that he was extended a subsequent loan of P50,000.00 to prove payment of his previous P230,000.00 obligation is clearly misplaced. That petitioner was granted another loan does not necessarily imply that his previous loan has already been paid in full. As correctly observed by the MTCC, it is not uncommon for a creditor to grant another loan to a debtor even if a prior loan has not yet been completely settled considering that petitioner and respondent live in the same barangay and that they had several transactions in the past.

Second, it must be pointed out that as per Agreement dated June 24, 2011, the P230,000.00 loan has a payment term of five (5) months which was supposed to mature in November 2011 while the P50,000.00 loan was obtained in August 2011. As such, petitioner could not have completed his payment of the P230,000.00 loan by the time the P50,000.00 loan was contracted in August 2011. Apparently, the subsequent loan of P50,000.00 was separate and distinct from the previous loan of P230,000.00.

Third, petitioner did not adduce any receipt evidencing payment of P230,000.00 loan. It is settled that a receipt is the written acknowledgment of the fact of payment in money or other settlement between the seller and the buyer of goods, the debtor or the creditor, or the person rendering services, and the client or the customer.[18] Receipts of payment, although not exclusive, are deemed the best evidence of the fact of payment. [19] It appears strange that petitioner did not require respondent to sign any receipt for the P230,000.00 he allegedly paid on July 25, 2011. Considering that the transaction involves an enormous amount of money, petitioner should have been cautious in his dealings and insisted that he be issued a receipt.

Fourth, the testimony of Alfonso Medina, Jr. cannot be given credence. While he testified that he saw petitioner handing over money to respondent on July 25, 2011, he admitted during cross-examination that he was not able to actually count the money that changed hands between petitioner and respondent.[20] What has been so far established by petitioner is that there was indeed payment but only for the amount of P23,000.00 each for the months of July and October 2011 but not the entire loan of P230,000.00.

Fifth, petitioner's claim that he has fully paid the P230,000.00 loan on July 25, 2011 is belied by the handwritten acknowledgment dated October 25, 2011 duly signed by him to the effect that he still owes respondent the sum of P184,000.00.[21] If there is indeed full payment of the P230,000.00 obligation on July 25, 2011, there would have

been no need for petitioner to execute said handwritten acknowledgment of a much later date.

Based on the foregoing circumstances, We reject petitioner's defense of payment.

We find the need, however, to modify the rates of interests imposed by the lower courts.

The stipulated interest of P30,000.00 on the P200,000.00 principal loan for a period of five (5) months must be respected. In the case of Prisma Construction & Development Corporation and Pantaleon vs. Menchavez[22], the Supreme Court applied the stipulated interest of P40,000.00 per month for a period of six (6) months on the principal amount of P1,000,000.00. However, for the period thereafter, the interest on the loan must be computed at the legal interest rate of 12% per annum. We quote:

In the present case, the respondent issued a check for P1,000,000.00. In turn, Pantaleon, in his personal capacity and as authorized by the Board, executed the promissory note quoted above. Thus, the P1,000,000.00 loan shall be payable within six (6) months, or from January 8, 1994 up to June 8, 1994. During this period, the loan shall earn an interest of P40,000.00 per month, for a total obligation of P1,240,000.00 for the six-month period. We note that this agreed sum can be computed at 4% interest per month, but no such rate of interest was stipulated in the promissory note; rather a fixed sum equivalent to this rate was agreed upon.

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Applying this provision, we find that the interest of P40,000.00 per month corresponds only to the six (6)-month period of the loan, or from January 8, 1994 to June 8, 1994, as agreed upon by the parties in the promissory note. Thereafter, the interest on the loan should be at the legal interest rate of 12% per annum, consistent with our ruling in *Eastern Shipping Lines, Inc. v. Court of Appeals*:

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xxx Thus, the RTC and the CA misappreciated the facts of the case; they erred in finding that the parties agreed to a 4% interest, compounded by the application of this interest beyond the promissory note's six (6)-month period. The facts show that the parties agreed to the payment of a specific sum of money of P40,000.00 per month for six months, not to a 4% rate of interest payable within a six (6)-month period. (emphasis supplied)

We take note that with the issuance of Bangko Sentral ng Pilipinas Resolution No. 796 which took effect on July 1, 2013, the legal interest has been reduced from twelve percent (12%) to six percent (6%) per annum. Thus, in *Dario Nacar v. Gallery Frames, et al.*[23], the Supreme Court modified the guidelines on payment of interest laid down in the *Eastern Shipping Lines, Inc.*. We quote:

To recapitulate and for future guidance, the guidelines laid down in the case of *Eastern Shipping Lines* are accordingly modified to embody BSP-MB Circular No. 799, as follows:

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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:

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 6% 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.

When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum. No interest, however, shall be adjudged on unliquidated claims or damages, except when or until the demand can be

established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code), but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.

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 6% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit. (emphasis supplied)

Accordingly, petitioner's loan of P200,000.00 shall bear an interest of P30,000.00 for five (5) months from June 24, 2011 to November 24, 2011 as indicated in the Agreement. Of the P230,000.00 loan inclusive of interest, petitioner made partial payment of P46,000.00 thereby leaving a balance of P184,000.00 upon which a legal interest of six percent (6%) per annum shall be imposed at the end of five-month payment period beginning November 25, 2011 until fully paid. The total amount due including accrued interests, shall then bear interest at 6% per annum from the finality of this Decision until full satisfaction.

WHEREFORE, premises considered, the instant petition is hereby DENIED. The Decision dated February 7, 2014 of the Regional Trial Court, Branch 81, Malolos City, Bulacan is hereby AFFIRMED with MODIFICATION in that petitioner Jose Malatbalat is ordered to pay respondent Glencelieta Cabildo the amount of P184,000.00 plus six percent (6%) interest per annum from November 25, 2011 until fully paid. From finality of this decision until full satisfaction, the total amount due shall likewise earn another interest at six percent (6%) per annum until fully satisfied.

SO ORDERED.

Dimagiba, L. R., and, Sempio Diy, M. E., JJ., concur.

[1] Rollo, pp. 10-26.

[2] Rollo, pp. 39-48.

[3] Rollo, pp. 29-37.

[4] Rollo, p. 53.

[5] Rollo, pp. 49-52.

[6] Rollo, pp. 57-60.

[7] Rollo, pp. 65-69.

[8] Rollo, pp. 75-77.

[9] Rollo, pp. 78-81.

[10] See Decision dated August 15, 2013, Rollo, p. 32-33.

[11] Supra at Note 1.

[12] Rollo, pp. 32-36.

[13] Rollo, pp. 39-48.

[14] Rollo, pp. 45-48.

[15] Rollo, p. 16.

[16] Anabelle dele Peña and Adrian Villareal vs. Court of Appeals, et al., G.R. No. 177828, February 13, 2009.

[17] G.R. No. 116960, April 2, 1996.

[18] Philippine National Bank vs. Court of Appeals, G.R. No. 116181, April 17, 1996.

[19] Anabelle dela Peña and Adrian Villareal vs. Court of Appeals, et al., G.R. No. 177828, February 13, 2009.

[20] Decision dated August 15, 2013, Rollo, pp. 32-33.

[21] Manifestation on Appeal, Rollo, pp. 83-85.

[22] G.R. No. 160545, March 9, 2010.

[23] G.R. No. 189871, August 13, 2013.

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