

SPOUSES MARIO AND CARMELITA BELLA, PETITIONERS, VS. COURT OF APPEALS, INDUSTRIAL FINANCE CORPORATION AND BEN MEDINA ALIAS “BEN UNTOG,” RESPONDENTS.

G.R. No. 105997. September 26, 1997

Ponente: ROMERO, J.

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ROMERO, J.:

This is a petition for review on certiorari which seeks to reverse and set aside the decision of the Court of Appeals dated July 15, 1991 in C.A.-G.R. CV No. 26810 entitled “Industrial Finance Corporation (Plaintiff) v. Sps. Mario and Carmelita Bella (Defendant-Third-Party Plaintiff) v. Benjamin Untog (Third-Party Defendant)”[1] which affirmed with modification the judgment of the Regional Trial Court of Manila, Branch 52 rendered in favor of private respondent, Industrial Finance Corporation.

The records of the case reveal that petitioner Mario Bella purchased an Isuzu Gemini car from GM Automart Corporation on April 27, 1978. On the same day, petitioner signed the Deed of Sale with Chattel Mortgage,[2] Promissory Note[3] and a Disclosure of Loan/Credit Transaction for the amount of P53,390.88.[4] He agreed to pay said amount in 36 monthly installments at P1,483.08 a month.[5] The promissory note also stipulated that in case of default, a penalty of 3% interest a month and attorney’s fees of 20% of the total amount shall be assessed. The car was delivered to petitioner Mario Bella who signed the delivery receipt on April 27, 1978.[6]

GM Automart Corporation assigned its rights and interests in aforesaid promissory note to private respondent Industrial Finance Corporation (hereinafter referred to as IFC).

Petitioner paid various amounts[7] in fourteen installments from August 26, 1978 to October 18, 1979. Thereafter, Mario Bella failed to make his monthly installments and by December 25, 1979, the total sum due for payment was P32,834.60. Despite repeated demands, Mario Bella failed to settle this obligation, prompting IFC to file a complaint for sum of money on January 22, 1980 against the spouses Mario and Carmelita Bella, herein petitioners.[8] The spouses filed a third-party complaint against Benjamin Untog.

Plaintiff IFC rested its case on January 25, 1983. After three years and several postponements upon petitioners’ motion, the latter filed a written request for admission on February 4, 1986 in connection with their claim that the car was delivered to third-party defendant, Benjamin Untog.[9] On February 17, 1986, IFC filed its answer to the written request for admission. The third-party defendant did not answer.

The trial court rendered its decision in favor of IFC on May 31, 1988, the dispositive portion of which reads:

Wherefore, judgment is hereby rendered for the plaintiff and against the defendants, ordering the latter to pay the former, P25,212.30 without interest but with penalty at the rate of 2% per month from January 8, 1980 (date demand was received) until full payment, and attorney’s fees and expenses of litigation in the sum of P4,000.00.

Cost against defendants.

The third-party complaint is dismissed.”[10]

Petitioners appealed the case to the Court of Appeals. In its decision dated July 15, 1991, respondent court affirmed the trial court’s decision but modified the award by increasing the amount to P32,725.61 but still subject to 2 % monthly penalty.[11] Petitioners’ motion for reconsideration was denied on June 19, 1992.

In the instant petition, the spouses Bella point out that IFC failed to prove the specific amount of the obligation sued upon and that the Court of Appeals erred in rendering its own award of P32,725.61 even if private respondent did not appeal. Second, petitioners contend that IFC’s answer to the written request for admission was filed one day late, in violation of Section 2, Rule 26 of the Rules of Court. Third, petitioners maintain that the Court of Appeals committed a misapprehension of facts in not finding that the third-party defendant was liable.

The instant petition is without merit and is hereby denied.

Petitioners’ allegations pertinent to proof of their liability, specifically that IFC failed to prove their cause of action and that the trial court committed a misapprehension of facts in not finding the third-party defendant below liable, are matters proper to a factual review of the case. The trial court adjudged petitioners liable on the basis of the promissory note duly signed by petitioner Mario Bella and chattel mortgage which was executed and later registered with the Chattel Mortgage Registry. Petitioner likewise signed the Disclosure of Loan/Credit Transaction dated April 27, 1978 to acknowledge and fully agree with its terms and conditions.[12] Furthermore, Mario Bella did not dispute his liability when a demand to pay was served upon him.[13] The assessment and evaluation that IFC’s evidence is competent, convincing and sufficient proof of petitioners’ obligation involves findings of fact ordinarily left to the trial court for its conclusive determination. In light of the well-settled rule on the finality of factual conclusions of the trial court, the Court finds no justifiable reason or exception[14] to this rule sufficient to cause a reversal of said court’s declaration that petitioners are liable.

The Court, however, notes that respondent appellate court modified the amount of the award on the basis of the documentary evidence submitted by plaintiff below. The trial court misconstrued the payments made by petitioners, viz.:

Plaintiff’s evidence as to how much were the total payments made is not clear. In Exh. G, dated 25 August 1979, defendant Mario Bella was advised that his remittance was insufficient and he was requested to remit P5,671.00 more to update his account. Exh. H embodies a list of payments with indication of the corresponding official receipts. On the other hand, plaintiff’s witness testified as follows:

ATTY. MERCADO continuing

Q Do you know as of when the defendants started defaulting payments?

A As of 1979.

Q What month?

A December, 1979. (pp.29-30, tsn, Jan. 25, 1983)

This testimony means that the amortizations up to November, 1979 were paid. From May 1978 (start of installment payments per promissory note) to November, 1979, was a period of nineteen months, so the total payments made on the obligation for said period must have amounted to P28,178.52. Deducting this amount from the value of the promissory note, the remainder or difference is P25,212.30, and this latter amount must be the unpaid portion of the obligation.”[15]

The Court of Appeals differed with the lower court in this respect. Worth noting is the fact that the latter court’s computation is premised on the uniformity of the monthly payments (i.e. P1,478.00 per month). The Statement of Accounts[16] reveal the error of said premise because petitioner Mario Bella paid installments in various amounts

and the total of payments made is not necessarily equivalent to nineteen months multiplied by the P1,478.00 standard rate. In sum, the Deed of Sale with Chattel Mortgage and the Promissory Note adhered to by petitioner Mario Bella show that the total charges amounted to P53,390.88.[17] The Statement of Account issued by respondent IFC on December 25, 1979, which petitioners received and did not contest, states that the sum total of payments made until October 18, 1979 was P20,565.27. When this figure is deducted from the original loan obligation of P53,390.88, the difference amounts to P32,825.61 which is the unpaid obligation.

Regrettably, IFC did not appeal and assign the above issue as an error. Under Rule 51, Section 7 of the Revised Rules of Court,[18] which is applicable to appeals from the Regional Trial Court to the Court of Appeals, “no error which does not affect the jurisdiction over the subject matter will be considered unless in the stated assignment of errors and properly argued in the brief, save as the court, at its option, may notice plain errors not specified, and also clerical errors.” Since the size of the award is an issue which does not affect the court’s jurisdiction over the subject matter, nor a plain or clerical error, respondent appellate court did not have the power to resolve it. Consequently, it erred in altering the trial court’s award.

The same is true with the adjudged penalty which the trial court reduced from the stipulated 3% per month to 2% monthly. There was no reason to reverse the agreement of the parties which is considered the law between them. But since this error was not presented to the Court of Appeals and to this Court, the trial court’s adjudication on the matter stands.

Finally, petitioners make much of the fact that IFC’s answer to its written request for interrogatories was filed a day beyond the filing period and insist that this violates Rule 26, Section 1 of the Revised Rules of Court. We find that assuming that this may be so, the trial court had the power to consider said answer. The Court has allowed the precedence of substantive matters over technical rules of procedure.[19] The delay in filing private respondent’s answer was only one day. Contrast this with petitioners’ numerous postponements which resulted in a delay of almost five (5) years before they presented their evidence,[20] a one-day tardiness on the part of private respondent should not be considered fatal.

Petitioners’ reliance on technicalities should not be accorded too much consideration since it would lead to a great injustice and an abuse of the rules of procedure which are primarily established to protect the rights of the parties. “Technicality, when it deserts its proper office as an aid to justice and becomes its great hindrance and chief enemy, deserves scant consideration from courts.”[21]

WHEREFORE, the instant petition is hereby PARTIALLY GRANTED. The decision of the Court of Appeals in CA-G.R. CV No. 26810 dated July 15, 1991 is MODIFIED and petitioners are ordered to pay private respondent IFC the amount of P25,212.30, with a penalty at the rate of 2% per month from January 8, 1980, and attorney’s fees and expenses of litigation in the sum of P4,000.00.

Costs against petitioner.

SO ORDERED

Narvasa C.J. (Chairman), Melo, and Francisco, JJ., concur.

Panganiban, J., no part. Petitioner’s counsel was a former law partner.

[1] Penned by Associate Justice Luis L. Victor, with Justices Santiago M. Kapunan, and Segundo G. Chua, concurring. Rollo, pp. 27-35.

[2] Folder of Exhibits, p. 4.

- [3] Folder of Exhibits, p. 6.
- [4] Folder of Exhibits, p. 1.
- [5] Folder of Exhibits, p. 1.
- [6] Folder of Exhibits, p. 2.
- [7] Ranging from P1,000.00 to P1,620.00. Statement of Account dated January 24, 1983. Folder of Exhibits, p. 10.
- [8] Civil Case No. 12961, “Industrial Finance Corporation v. Spouses Mario Bella and Carmelita Bella v. Benjamin Untog, Regional Trial Court of Manila, Branch 52.
- [9] Folder of Exhibits, p. 14.
- [10] The Decision was penned by Judge David G. Nitafan. Records, p. 265-269.
- [11] Decision penned by Justice Luis L. Victor and concurred in by Justice Santiago M. Kapunan and Segundino G. Chua, Rollo, pp. 27-35.
- [12] Folder of Exhibits, p. 1.
- [13] Decision of trial court, p. 3; Records, p. 267.
- [14] The exceptions to the rule are as follows: (1) when the inference made is manifestly mistaken, absurd or impossible; (2) when there is grave abuse of discretion; (3) when the finding is grounded entirely on speculations, surmises or conjectures; (4) when the judgment of the Court of Appeals is based on misapprehension of facts; (5) when the findings of fact are conflicting; (6) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) when the findings of the Court of Appeals are contrary to those of the trial court; (8) when the findings of facts are conclusions without citation of specific evidence on which they are based; (9) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties and which, if properly considered, would justify a different conclusion; and (10) when the findings of fact of the Court of Appeals are premised on the absence of evidence and are contradicted by the evidence on record. *Chua Tiong Tay v. CA*, 243 SCRA 183 (1995) cited in *Reyes v. Court of Appeals (Ninth Division)*, 258 SCRA 651 (July 11, 1996).
- [15] Decision, p. 4. Records p. 268.
- [16] Dated January 24, 1983, Folder of Exhibits, p. 10.
- [17] Folder of Exhibits, pp. 4-5.
- [18] Sec. 8 of the 1997 Rules of Civil Procedure.
- [19] Decision/Records, p. 2.
- [20] Transcript of Records dated January 22, 1987.
- [21] *Alonso v. Villamor*, 16 Phil. 322.

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