

PHILIPPINE BANKING CORPORATION, PETITIONER, VS. COURT OF APPEALS AND AMALIO L. SARMIENTO, DOING BUSINESS UNDER THE FIRM NAME “A.L. SARMIENTO CONSTRUCTION,” RESPONDENTS.

G.R. No. 133710. January 13, 2004

Ponente: CORONA, J.

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CORONA, J.:

Before us is a petition for review seeking the reversal of the decision of the Court of Appeals[1] dated October 22, 1997, which affirmed with modification the decision of the Regional Trial Court, Branch 20, Makati City, dismissing the complaint filed by petitioner Philippine Banking Corporation against private respondent Amalio L. Sarmiento, as well as the resolution of the Court of Appeals dated May 14, 1998 denying petitioner’s motion for reconsideration.

The facts follow.

Amalio L. Sarmiento, registered owner of A.L. Sarmiento Construction, applied for a loan from Philippine Banking Corporation in the sum of P4,126,000, evidenced by promissory note no. 626-84. Pursuant thereto, Sarmiento obligated himself to pay the amount with interest at the rate of 29% per annum. Additionally, it was stipulated that if payment was not made upon maturity of the loan, penalty charges of 1% per month and 25% of the total amount due would be charged against him. Sarmiento signed the aforesaid promissory note together with the disclosure statement on loan/credit transaction provided by the bank.

Sarmiento failed to pay the aforesaid obligation on maturity, prompting Philippine Banking Corporation to send him a letter of demand dated January 2, 1989. Despite the demand, however, Sarmiento still failed to settle his indebtedness. Thus, on February 20, 1989, Philippine Banking Corporation filed a complaint for a sum of money against him. In his answer, Sarmiento denied that he received the proceeds of the loan transaction and prayed that the case against him be dismissed.

On August 26, 1991, the trial court rendered its decision, thus:

WHEREFORE, in view of the foregoing, plaintiff has miserably failed to prove its case by preponderance of evidence. The above-entitled case is ordered dismissed with costs against plaintiff.

Judgment over counterclaim in the sum of P30,000.00 as attorney’s fees and P20,000.00 as litigation expenses is hereby awarded in favor of the defendant. No moral or exemplary damages adjudged.[2]

On September 25, 1991, Philippine Banking Corporation filed a motion for new trial which the trial court subsequently granted despite the opposition of Sarmiento.

On August 3, 1992, after the reception of evidence, the trial court rendered a decision finding the evidence adduced by the bank to be insufficient to substantiate its claim. The trial court reinstated its earlier dismissal of the case against Sarmiento and denied Philippine Banking Corporation’s subsequent motion for reconsideration.

Aggrieved, Philippine Banking Corporation appealed to the Court of Appeals raising the following assignments of error:

First Assignment of Error

THE TRIAL COURT ERRED IN NOT FINDING THAT PLAINTIFF-APPELLANT HAS ESTABLISHED ITS CAUSE OF ACTION WITH AN OVERWHELMING PREPONDERANCE OF EVIDENCE

Second Assignment of Error

THE TRIAL COURT ERRED IN CONCLUDING THAT WHEN PLAINTIFF-APPELLANT WITHDREW THE AMOUNT OF P4,126,000.00 SIMULTANEOUSLY TO THE TIME THAT IT CREDITED THE SAME TO DEFENDANT'S ACCOUNT, PLAINTIFF BANK ABORTED THE LOAN TRANSACTION UNDER PROMISSORY NOTE 626-84

Third Assignment of Error

THE TRIAL COURT SERIOUSLY ERRED IN AWARDING DEFENDANT-APPELLEE P30,000.00 AS ATTORNEY'S FEES AND P20,000.00 AS LITIGATION EXPENSES, THE SAME BEING WITHOUT FACTUAL AND LEGAL BASIS, AND EXCESSIVE UNDER THE CIRCUMSTANCES.[3]

On October 22, 1997, the Court of Appeals affirmed with modification the trial court's decision:

WHEREFORE, the August 3, 1992 decision appealed from is MODIFIED to delete the trial court's award of attorney's fees. The rest is AFFIRMED in toto.[4]

Hence, the instant petition anchoring its plea for reversal on the following errors allegedly committed by the Court of Appeals:

IN NOT HOLDING THAT PETITIONER HAS OVERCOME ITS BURDEN OF PROOF THROUGH THE PRESENTATION OF OVERWHELMING PREPONDERANCE OF EVIDENCE ESTABLISHING ITS CAUSE OF ACTION

IN NOT HOLDING THAT THE RESPONDENT'S EVIDENCE FAILED TO SUCCESSFULLY CONTROVERT HIS OWN JUDICIAL ADMISSION OF THE GENUINENESS AND DUE EXECUTION OF THE ACTIONABLE DOCUMENTS UPON WHICH THE PETITIONER'S CAUSE OF ACTION IS BASED

IN NOT HOLDING THAT THE SUBJECT PROMISSORY NOTE WAS EXECUTED BY THE RESPONDENT FOR A VALID CONSIDERATION

IN NOT HOLDING THAT PETITIONER'S EVIDENCE HAS SUFFICIENTLY SHOWN THAT THE RESPONDENT RECEIVED THE PROCEEDS OF THE SUBJECT PROMISSORY NOTE

IN AWARDING LITIGATION EXPENSES FOR P20,000.00 WITHOUT LEGAL BASIS.

Petitioner contends that the appellate court incorrectly upheld the trial court's misinterpretation of the clear import of the entries in the bank statement. Said document showed that the proceeds of the loan obtained by respondent Sarmiento under promissory note no. 626-64 had been credited to his current account no. 1025-00815-0 maintained at petitioner's New Manila Branch in the name of A.L. Sarmiento Construction. Petitioner further alleges that its cause of action against respondent Sarmiento was predicated upon actionable documents, the due execution and authenticity of which respondent admitted. Thus, no proof was required of petitioner to establish the contents of the said documents because such judicial admissions of respondent created a prima facie case in petitioner's favor.

We disagree.

It is undisputed that respondent Sarmiento signed the promissory note and the accompanying disclosure statement on loan/credit transaction. But said pieces of evidence proved only the existence of such documents. There was even no question as to that because respondent Sarmiento himself admitted the due execution thereof. The important issue was whether or not respondent Sarmiento actually received the proceeds of the subject loan so as to make him liable therefor, a matter which should have been ventilated before the trial court.

The trial court did in fact make a finding that the documentary evidence of petitioner failed to prove anything showing that respondent indeed received the proceeds of the loan. The Court of Appeals affirmed the conclusions of the trial court and declared:

A pre-existing obligation, it may be conceded, constitutes value and may, of and by itself, serve as valuable and sufficient consideration for a contract such as the loan sued upon. As an essential element of a contract, however, the same should have been satisfactorily proved by the appellant – particularly when, as in the instant case, the absence of consideration was precisely put in issue by the pleadings and was buttressed by both oral and documentary evidence. Having failed in this material respect, the appellant's withdrawal of the amount supposedly credited to the appellee's account was understandably interpreted by the court a quo as a termination/cancellation of the loan the latter applied for. Considering further that contracts without consideration do not exist in contemplation of law and produce no effect whatsoever (Article 1352, Civil Code of the Philippines), the trial, likewise, correctly dismissed the appellant's case.[5] (emphasis supplied)

A statement in a written instrument regarding the payment of consideration is merely in the nature of a receipt and may be contradicted.[6] Respondent Sarmiento denied having received the proceeds of the loan and in fact presented evidence showing that on the day petitioner claimed to have credited the subject amount, it was again debited or withdrawn by petitioner, admittedly upon the instruction of the officials from petitioner's head office. Petitioner attempted to controvert this fact by claiming that the proceeds of the loan were applied to respondent's previous obligations to the bank. But we find nothing in the records showing that respondent had other obligations to which the proceeds of the loan could or should have been applied. Moreover, petitioner failed to explain just exactly what said obligations were or to what extent the purported proceeds were applied in satisfaction thereof. What appeared clearly was that the proceeds of the loan were deposited then withdrawn the same day by petitioner itself, thus negating its claim that respondent actually received it. Petitioner therefore failed to establish its case against respondent Sarmiento.

Be that as it may, the general rule is that only questions of law may be raised in a petition for review on certiorari. The appellate jurisdiction of this Court in cases brought to it from the Court of Appeals is limited to reviewing and correcting the errors of law committed by the latter, the findings of fact of the Court of Appeals being final and conclusive. In other words, the power of this Court is limited to determining whether the legal conclusions drawn from the findings of fact are correct. Barring a showing that the findings of fact complained of are totally devoid of support in the records, such determination must stand for the Court is neither expected nor required to examine or refute the oral and documentary evidence submitted by the parties.[7]

Finally, the award of litigation expenses in the sum of P20,000 should be deleted for lack of legal basis.

WHEREFORE, the instant petition for certiorari is hereby DENIED. The assailed decision and resolution of the Court of Appeals are AFFIRMED, subject to the MODIFICATION that the award of P20,000 as litigation expenses is hereby deleted.

SO ORDERED.

Vitug, (Chairman), Sandoval-Gutierrez, and Carpio-Morales, JJ., concur.

[1] Penned by Associate Justice Fermin A. Martin, Jr. and concurred in by Associate Justices Jesus M. Elbinias and Ruben T. Reyes.

[2] Rollo, p. 48.

[3] Rollo, pp. 51-52.

[4] Rollo, p. 55.

[5] Rollo, p. 54.

[6] *Maulini vs. Serrano*, 28 Phil. 640 [1914].

[7] *Reyes, et. al. vs. CA*, 383 SCRA 471 [2002].

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