NOEMI M. CORONEL, PETITIONER, VS. ENCARNACION C. CAPATI, RESPONDENT.

G.R. NO. 157836. May 26, 2005

Ponente: PUNO, J.

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PUNO, J.:

On appeal is the Court of Appeals' May 31, 2001 Decision[1] in CA-G.R. CV No. 58060 and April 8, 2003 Resolution,[2] affirming the April 30, 1997 Decision[3] of the Regional Trial Court of Guagua, Pampanga in Civil Case No. G-2549 which found petitioner liable to pay respondent its loan obligation, plus attorney's fees and costs of suit.

The facts are as follows:

Petitioner contracted two loans from respondent on September 4, 1992 and October 25, 1992. The first amounted to P121,000.00 payable on or before February 4, 1993 and the second amounted to P363,000.00 payable on or before March 25, 1993. In return, petitioner issued respondent two checks: Metrobank Check No. 114678[4] dated September 4, 1992 for the first loan and Metrobank Check No. 114679[5] dated October 25, 1992 for the second loan. The two loans are embodied in two handwritten instruments. The first one reads:

> P121,000. 00/xx
>
> Received the amount of one hundred twenty one thousand pesos only P121,000. 00/xx from Mrs. Encarnacion C. Capati & payable in 5 months from Sept. 4, 1992 & said loan is secured by Metrobank (Guagua Branch) and with check # 114678.
>
> (signed)
> Noemi M. Coronel[6]

The second instrument, in like tenor, reads as follows:

> Received the amount of three hundred sixty three thousand pesos only P363,000. 00/xx from Mrs. Encarnacion C. Capati & payable from Oct. 25, 1992 (5 months) & said loan is secured with Metrobank check # 114679 (Guagua Branch).
>
> (signed)
> Noemi M. Coronel[7]

Petitioner failed to pay her loans upon maturity despite repeated demands from respondent. The two checks she issued were dishonored when presented for payment on February 16, 1993 and April 7, 1993. Hence, on September 14, 1993, respondent filed a complaint for sum of money and damages with attachment against petitioner before the Regional Trial Court of Guagua, Pampanga.

On April 30, 1997, the trial court ruled in favor of respondent, ordering petitioner to pay, as follows:

> WHEREFORE, premises considered, judgment is rendered ordering defendant:

- To pay plaintiff the amount of P484,000.00 as principal obligation plus 12% interest per annum computed from the time of the filing of this case up to the time it is fully paid;

- To pay plaintiff 10% of the principal obligation of P484,000.00 as attorney's fees;

- To pay the costs of the suit.

SO ORDERED.

On appeal to the Court of Appeals, petitioner was unsuccessful as the appellate court affirmed the ruling of the trial court.

Petitioner's Motion for Reconsideration[8] was denied.

Hence, this appeal.[9]

Petitioner denied contracting the two loans in the amounts of P121,000.00 and P363,000.00 from respondent. She alleged that the Metrobank checks representing the foregoing amounts were two of several checks she issued in favor of respondent for a loan amounting to P1.101 million which she has fully paid. She claimed that despite full payment, respondent still deposited the two checks because of a dispute between them arising from respondent's demand for exorbitant and additional interest on the P1.101 million loan.

Petitioner alleged further that there were instances when respondent asked her to affix her signature on blank sheets of paper' thereby implying that the contents of Exhibits "A-1" and "B-1," containing the loan agreements were written by respondent on sheets of paper signed in advance by petitioner.

In detail, petitioner contended that on May 20, 1992, respondent informed her that her loan obligation added to P980,000.00 plus interest of P121,000.00, totaling P1,101,000.00, to which computation petitioner agreed. At the same time, respondent also asked her to sign a document entitled "Pacto de Retro Sale"[10] with the assurance that it will serve only as "security." On June 18, 1992, petitioner paid respondent P66,000.00 in cash.[11] Before the end of the redemption period under the pacto de retro sale which was on August 20, 1992, petitioner, expecting that she will be unable to pay the full amount on due date, issued respondent two checks: Metrobank check no. 114668[12] in the amount of P980,000.00 dated August 20, 1992 and Metrobank check no. 114669[13] in the amount of P121,000.00 dated September 4, 1992. Later, respondent returned these two Metrobank checks numbered 114668 and 114669 to petitioner. Petitioner replaced these checks with Metrobank check no. 114675[14] in the same amount of P980,000.00 and likewise dated August 20, 1992, and Metrobank check no. 114678,[15] again in the same amount of P121,000.00 and likewise dated September 4, 1992.

On September 7, 1992, petitioner paid respondent another P40,000.00 in the form of Metrobank check no. 114700.[16] And on November 13, 1992, petitioner paid respondent P1M, evidenced by a handwritten receipt[17] signed by respondent. The receipt reads as follows:

Received from Miss Noemi M. Coronel the Bank of Philippine Island Cashier's Check No. 019877 dated Nov. 13, 1992 for ONE MILLION (P1,000,000.00) pesos as partial payment of the loan from Mrs. Encarnacion C. Capati, & the balance will be paid on or before Dec. 15, 1992.

(signed)

ENCARNACION CAPATI
LENDER-MORTGAGEE
November 13, 1992

Respondent returned to petitioner check no. 114675[18] in the amount of P980,000.00 dated August 20, 1992,

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upon payment of petitioner to respondent of the cashier's check worth P1M. Petitioner also issued another postdated check – Metrobank Check No. 114679[19] in the amount of P363,000.00 dated October 25, 1992 allegedly for interest of her obligation.[20]

Based on petitioner's own computation, her remaining balance amounted to only P50,000.00. Thus, on December 1, 1992, petitioner issued respondent a Metrobank Check No. 147653 in the amount of P50,000.00.[21] On January 4, 1993, she allegedly ordered Metrobank Guagua, through a letter,[22] to stop payment of the checks she issued respondent for P121,000.00 and P363,000.00. According to petitioner, these two checks were not returned by respondent because the latter claimed that she has not completed the payment of interest yet.

In sum, petitioner alleged that her total obligation is computed, as follows:

P 980,000.00 . . . . . .principal obligation
176,000.00. . . . . .3% monthly interest from
P1,156,000.00 May to Nov 1992

which she claimed to have paid, as follows:

P 66,000.00 . . . . . .June 18, 1992
40,000.00. . . . . .September 7, 1992
1,000,000.00 . . . . . .November 13, 1992
50,000.00 . . . . . December 1, 1992
P1,156,000.00

We find petitioner's contentions unmeritorious.

The existence of petitioner's obligation is supported by documentary evidence. Exhibits "A-1" and "B-1" are written instruments containing the loan agreements. The signature of petitioner as debtor appears in both instruments. Petitioner does not deny she owns these signatures. These exhibits are the best evidence of the subject obligation. Petitioner's contrary evidence has no leg to stand on. At first, she claims that her total loan obligation amounted to P1.101 million, the amount of consideration stated in the document entitled "Pacto de Retro Sale." At the end, however, she came up with a different computation of her obligation as totaling P1.156 million, without any document to support her allegation. The discrepancy between the two computations is not explained. The age old rule of evidence is that oral testimony as to a certain fact, depending as it does on human memory that is most often than not, momentary and fleeting, is not as reliable as written or documentary evidence.[23] We are, thus, more convinced that Exhibits "A-1" and "B-1" express the true agreement of the parties, contrary to the oral testimony of petitioner that those amounts are part of a loan amounting to P1.101 million which she has fully paid. The latter appears to be another loan, distinct from the one involved in the case at bar.[24] Incidentally, the pacto de retro sale referred to by petitioner, is the subject matter of another litigation between the same parties pending with the same court.[25]

Petitioner tries to escape responsibility by testifying that it has been respondent's practice to ask her to sign blank sheets of paper. She wants the court to believe that she did not know of the contents of Exhibits "A-1" and "B-1," and that these documentary evidence could have been one of those blank sheets of paper that respondent has asked her to sign. We find this tale unacceptable, absent any form of duress or intimidation from respondent, which petitioner does not even allege. Time and again, we have held that one who is of age and a businesswise is presumed to have acted with due care and to have signed the documents in question with full knowledge of its contents and consequences.[26] Petitioner is not one ignorant, illiterate person who could be easily duped into signing blank sheets of papers. She has borrowed large sums of money from respondent. In fact, petitioner's total

loan obligation to respondent has reached over millions of pesos. Petitioner has transacted business with respondent several times. Among others, they include transactions involving a pacto de retro sale which is the subject of another pending case between the parties and loans amounting to P2M and P1M, secured by deeds of real estate mortgage and chattel mortgage, respectively. As the lower court correctly pointed out, petitioner apparently knows how to take care of her business dealings. Thus, on October 21, 1992 and February 22, 1993, she caused the execution of two documents entitled "Discharge of Real Estate Mortgage"[27] and "Discharge of Chattel Mortgage,"[28] respectively, when she paid respondent the full consideration of the promissory notes of P2M and P1M, wherein the mortgages served as security for the payment of said notes.[29] Similarly, petitioner, upon payment of P1M to respondent on November 13, 1992, retrieved the Metrobank Check No. 114675[30] dated August 20, 1992 which she issued as security to respondent. Interestingly, in the case of the two checks subject matter of this litigation, petitioner did not even demand their return from respondent, notwithstanding her claim that she has paid in full her loan obligation. All she presented was a letter[31] ordering Metrobank Guagua to stop payment of the checks without proof that it has been received by, nor actually sent to Metrobank Guagua.

Again, we reiterate the rule that when the existence of a debt is fully established by the evidence contained in the record, the burden of proving that it has been extinguished by payment devolves upon the debtor who offers such defense to the claim of the creditor.[32] Even where respondent-creditor who was plaintiff in the lower court, alleges non-payment, the general rule is that the onus rests on the petitioner-debtor who was defendant in the lower court, to prove payment, rather than on the plaintiff-creditor to prove non-payment.[33] The debtor has the burden of showing with legal certainty that the obligation has been discharged by payment.[34] This, petitioner failed to do.

IN VIEW THEREOF, petitioner's appeal is DENIED. The Court of Appeals' May 31, 2001 Decision in CA-G.R. CV No. 58060 and April 8, 2003 Resolution, affirming the April 30, 1997 Decision of the Regional Trial Court of Guagua, Pampanga in Civil Case No. G-2549, are AFFIRMED.

SO ORDERED.

Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.
Tinga, J., out of the country.

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[1] CA Rollo, pp. 115-128.

[2] id. at 226-227.

[3] Records, pp. 140-146.

[4] Exhibit "A."

[5] Exhibit "B."

[6] Exhibit "A-1."

[7] Exhibit "B-1."

[8] CA Rollo, pp. 129-136.

[9] Rollo, pp. 3-27.

[10] Exhibit "2."

[11] TSN, December 19, 1994, p. 5.

[12] Exhibit "3."

[13] Exhibit "4."

[14] Exhibit "5."

[15] Supra note 4.

[16] Exhibit "6."

[17] Exhibit "1."

[18] Supra note 14.

[19] Supra note 5.

[20] TSN, December 19, 1994, p. 16.

[21] Exhibit "7."

[22] Exhibit "8."

[23] Abella vs. CA, 257 SCRA 482, 487 (1996).

[24] TSN, January 27, 1997, p. 2.

[25] id. at 6.

[26] Supra note 23 at 487-488.

[27] Exhibit "13."

[28] Exhibit "14."

[29] TSN, December 19, 1994, p. 20.

[30] Supra note 14.

[31] Supra note 22.

[32] Pacific Maritime Services, Inc. vs. Ranay, 275 SCRA 717, 726 (1997).

[33] Jimenez vs. NLRC, 256 SCRA 84, 89 (1996), citing 60 Am. Jur. 2d, Payment, Sec. 171, 997.

[34] Ibid., citing Motor Finance Co. vs. Universal Motors, La. App., 182 So. 143.

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