

**PHILIPPINE RABBIT BUS LINES, INC., PETITIONER, VS. HON. LEONARDO I. CRUZ, PRESIDING JUDGE, BRANCH LVI, RTC, THIRD JUDICIAL REGION &#038; PEDRO MANABAT, RESPONDENTS.**

*G.R. No. 71017. July 28, 1986*

Ponente: NARVASA, J.

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**NARVASA, J.:**

In Civil Case No. 2244 of the Court of First Instance (now Regional Trial Court, Branch LVI) of Angeles City, Pedro Manabat, (the private respondent) obtained judgment against Philippine Rabbit Bus Lines, Inc. (petitioner) the dispositive portion of which reads:

"WHEREFORE, in view of the above findings, this Court renders judgment in favor of the plaintiff Pedro Manabat, and against the defendant, the Philippine Rabbit Bus Lines, Incorporated, sentencing the latter to pay the former, Pedro Manabat as actual and compensatory damages the amount of P72,500 with legal interest thereon from the filing of the complaint until fully paid, and the costs of this suit."[1]

The judgment having become final and executory following its affirmance by the Intermediate Appellate Court, Manabat sought its execution and, at his instance, the deputy sheriff of Angeles City garnished funds of Philippine Rabbit on deposit with Manila Bank in said City to the extent of P155,150.00. This amount was released by the Bank's manager by means of a check drawn in favor of the sheriff and was thereafter paid to the private respondent.[2] The amount of P155,150.00 included interest at the rate of twelve (12%) percent per annum on the award of P72,500.00 computed from the date of the filing of the complaint, as prescribed in the judgment.

Philippine Rabbit moved to dissolve the garnishment, asserting that while it was willing to pay the award, the interest chargeable should be only six (6%) percent, not twelve (12%) percent, per annum and upon being rebuffed, has come to this Court for relief.

The issue raised:

whether or not Circular No. 416 of the Central Bank of the Philippines, issued pursuant to authority granted under Act No. 2655, as amended (The Usury Law), and prescribing that:

"x x x 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 express contract as to such rate of interest, shall be twelve (12%) percent per annum,"

is applicable to judgments that do not involve loans or forbearances of money, etc.,

is not one of first impression.

In *Reformina vs. Tomol, Jr.*[3] decided October 11, 1985, essentially the same factual premises obtained, the only difference being that in said case, which concerned also a judgment awarding damages for loss or injury to person or property, the interest appeared to have been computed at six (6%) percent, and it was the judgment

creditors who came to this Court on their contention that the rate should be twelve (12%) percent instead. The Court en banc unanimously rejected that contention, the majority opinion holding, *inter alia*, that:

"Central Bank Circular No. 416 which took effect on July 29, 1974 was issued and promulgated by the Monetary Board pursuant to the authority granted to the Central Bank by P.D. No. 116, which amended Act. No. 2655, otherwise known as the Usury Law. The amendment from said authority emanates reads as follows

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'Section 1-a. The Monetary Board is hereby authorized to prescribe the maximum rate or rates of interest for the loan or renewal thereof or the forbearance of any money, goods or credits, and to change such rate or rates whenever warranted by prevailing economic and social conditions. Provided, That such changes shall not be made oftener than once every twelve months.

In the exercise of the authority herein granted, the Monetary Board may prescribe higher maximum rates for consumer loans or renewals thereof as well as such loans made by pawnshops, finance companies and other similar credit institutions although the rates prescribed for these institutions need not necessarily be uniform.' (Italics supplied)

Acting pursuant to this grant of authority, the Monetary Board increased the rate of legal interest from that of six (6%) percent per annum originally allowed under Section 1 of Act No. 2655 to twelve (12%) percent per annum.

It will be noted that Act No. 2655 deals with interest on (1) loans; (2) forbearances of any money, goods, or credits, and (3) rate allowed in judgments.

The issue now is -- what kind of judgment is referred to under the said law. Petitioners maintain that it covers all kinds of monetary judgment.

The contention is devoid of merit.

The judgments spoken of and referred to are judgments in litigations involving loans or forbearance of any money, goods or credits. Any other kind of monetary judgment which has nothing to do with, nor involving loans or forbearance of any money, goods or credits does not fall within the coverage of the said law for it is not within the ambit of the authority granted to the Central Bank. The Monetary Board may not tread on forbidden grounds. It cannot rewrite other laws. That function is vested solely with the legislative authority. It is axiomatic in legal hermeneutics that statutes should be construed as a whole and not as a series of disconnected articles and phrases. In the absence of a clear contrary intention, words and phrases in statutes should not be interpreted in isolation from one another. A word or phrase in a statute is always used in association with other words or phrases and its meaning may thus be modified or restricted by the latter.

xxx xxx x x x.

Coming to the case at bar, the decision herein sought to be executed is one rendered in an Action for Damages for injury to persons and loss of property and does not involve any loan, much less forbearances of any money, goods or credits. As correctly argued by private respondents, the law applicable to the said case is Article 2209 of the New Civil Code which reads --

'Art. 2209. -- If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of interest agreed upon, and in the absence of stipulation, the legal interest which is six percent per annum.'

The above provisions remains untouched despite the grant of authority to the Central Bank by Act No. 2655, as amended. To make Central Bank Circular No. 416 applicable to any case other than those specifically provided for by the Usury Law will make the same of doubtful constitutionality since the Monetary Board will be exercising legislative functions which was beyond the intendment of P.D. No. 116."

There is no reason to depart or deviate from that ruling here. It seems quite clear that Section 1-a of Act No. 2655, as amended --- which, as distinguished from sec. 1 of the same law, appears to be the actual and operative grant of authority to the Monetary Board of the Central Bank to prescribe maximum rates of interest where the parties have not stipulated thereon --- in excluding mention of rates allowed in judgments, should, at the least, be construed as limiting the authority thus granted only to loans or forbearances of money, etc., and to judgments involving such loans or forbearances.

WHEREFORE, the petition is granted. It being obvious, as pointed out by the petitioner,[4] that of the amount of P155,150.00 garnished and turned over to the private respondent, the sum of P82,650.00 represents interests computed at the rate of twelve (12%) percent per annum, one-half of the last-stated sum, or P41,325.00, represents interest in excess of the applicable rate of six (6%) percent per annum, the order of the respondent Court complained of is vacated and set aside, and the private respondent is ordered to refund to petitioner said excess of P41,325.00. No pronouncement as to costs in this instance.

SO ORDERED.

Yap, (Chairman), Melencio-Herrera, Cruz, and Paras, JJ., concur.

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[1] Comment of the Solicitor General, pp. 2-3, record

[2] Sheriff's Return, Annex "B," Petition

**[3] 139 SCRA 260**

[4] Motion to Dissolve Garnishment, Annex "C," Petition; pp. 12-13y record

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