

FNCB FINANCE, PETITIONER, VS. NAPOLEON ESTAVILLO, RESPONDENT.*G.R. No. 93394. December 20, 1990*

Ponente: CRUZ, J.

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Installment sales and financing arrangements have become part of the modern way of life, especially in the metropolitan areas. By such transactions, persons who do not have the ready cash for the total purchase price may make a small down payment, leaving the balance to be "financed," or amortized over a stipulated period with interests and other charges added. The resultant total payments are way above the original cost. Nevertheless, the buyer agrees to the onerous terms, albeit not without a little misgiving, as he would otherwise be unable to make the purchase at all.

In the case of Napoleon Estavillo, the subject of the sale was a brand-new Ford Fiera. He bought it from World Cars, Inc. on April 22, 1982, for the list price of P63,340.00 and made a down payment of P15,340.00, leaving a balance of P48,000.00. This was to be paid under a 2-year financing scheme at the rate of P2,946.00 monthly from June 14, 1982 to May 14, 1984, bloating the balance to P70,704.00. In the promissory note he signed, Estavillo agreed to pay a 2.5% penalty in case of late payment. The instrument also contained an acceleration clause. To secure payment of the loan, he and his wife had to execute a chattel mortgage on May 14, 1982, on the purchased vehicle in favor of World Cars, Inc. On that same day, the Ford Fiera was delivered to Estavillo, and World Cars Inc. assigned its credit against him to FNCB Finance, the herein petitioner.

On February 28, 1984, the vehicle was seized in San Mateo, Isabela, by two employees of the petitioner, Jun Cruz and Jun Cunanan, together with John Ramos, deputy sheriff of the Regional Trial Court of Isabela, who took it to Echague, in the same province. Estavillo immediately saw Andy Cacho, manager of FNCB in that branch, and demanded the reason for the confiscation of the car. He was told he was in arrears for two months. Estavillo denied this, insisting he paid P9,390.00 to Jun Cunanan on August 26, 1983. The petitioner nevertheless refused to return the Ford Fiera, prompting the private respondent to send a letter of demand through counsel on March 27, 1984. Cacho relented and promised to return the vehicle as long as Estavillo continued paying his installments. However, that promise was never fulfilled. The vehicle was sold at public auction and delivered to FNCB as the highest bidder, then taken by it to Cabanatuan City and thence to Manila, where it was ultimately resold.

Estavillo sued. FNCB countered that the repossession of the car was legal because he was in arrears. After trial, the plaintiff was sustained by the Regional Trial Court of Isabela,[1] which held the seizure of the car was not warranted because Estavillo was not delinquent in his installment payments. The dispositive portion of the decision read:

WHEREFORE, in view of the foregoing, judgment is hereby rendered in favor of the plaintiff and against the defendant ordering the defendant to pay to the plaintiff the amount of P64,895.00 representing the payments made by the purchase of the vehicle which it confiscated with interest at 10% from February 28, 1984;

P5,000.00 as nominal damages and P10,000.00 as exemplary damages. Costs against the defendant.

On appeal, the decision was affirmed in toto by the respondent court,[2] which is now the subject of this petition. It is alleged that:

1. In affirming the decision of the lower court that respondent was not in default on his account, the Court of Appeals erred in disregarding facts and evidence showing that respondent was in fact, in default;
2. The Court of Appeals erred in affirming the lower court's decision that payment made to petitioner's employee evidenced by a private receipt (not official company receipt) may be deemed as payment to the company;
3. The Court of Appeals erred in affirming the lower court's decision ordering the petitioner to return all the payments made by respondent on his installment account;
4. The Court of Appeals erred in affirming the lower court's decision ordering the petitioner to pay the respondent nominal damages;
5. The Court of Appeals erred in affirming the lower court's decision ordering the petitioner to pay the respondent exemplary damages.

On the first issue, we restate at the outset the well-established principle that this Court is not a trier of facts. In an appeal by certiorari under Rule 45 of the Rules of Court, "only questions of law may be raised," as the Rule itself says. The resolution of factual issues is the function of the lower courts, whose findings on these matters are received with respect and are in fact binding on this Court except only where the case is shown as coming under the accepted exceptions. There is no such showing here. Consequently, we accept the ruling of the trial court, as reviewed and affirmed by the respondent court, that the private respondent was up-to-date in his installment payments at the time of the seizure of the subject vehicle.

It need only be added that the petitioner's statement of accounts (Exh. 4) was correctly rejected by the trial court for the several discrepancies therein that showed it could not be relied upon to show, as urged by the petitioner, that the private respondent was in default. As the trial court observed:

Moreover, the statement of account (Exh. 4) cannot be given full faith and credit, since it does not record all the payments made by plaintiff-appellee. Thus, it does not reflect the correct unpaid balance of appellee at the time of the seizure of the vehicle. Notably, the payments on January 6, 1982 in the amount of P2,500.00 (Exh. N); and in August, 1983, in the amount of P9,390.00 (Exh. C) are not recorded in Exhibit 4. On May 3, 1983, appellee paid the amount of P1,800.00 (Exh. S) but only P1,000.00 appears in Exhibit 4. Nonetheless, the statement of account is an admission by appellant that appellee paid those amounts stated therein. Hence, together with the receipts of payments presented by appellee (Exhs. M, N, O, P, Q, R, G, S, T, U, H, I, J, V, W, C, X, Y, M, K and L), these form a basis for an analysis to determine whether appellee was in default in the payment of his obligation when the vehicle was seized on February 28, 1984.

The second issue must also be resolved in favor of the respondent. Estavillo proved that on August 26, 1983, he paid P9,390.00 to FNCB through its employee, Jun Cunanan, who acknowledged the payment in a private receipt to be followed by the official receipt. Cunanan had previously received similar installment payments from Estavillo and appeared authorized to do so as evidenced by the subsequent official receipts for such payments issued by the petitioner. The petitioner does not deny that Cunanan was its employee at the time the payment was received by him and in fact was one of the persons who seized the vehicle from the private respondent's driver. It simply argues that Cunanan was acting in an unofficial capacity when he collected the payment, which should therefore not be charged against it. That is a pallid excuse. If the payment was not delivered by Cunanan, FNCB should claim it from him and not Estavillo. Estavillo's payment to Cunanan, as the authorized collector of FNCB,

was a valid payment to FNCB.

Finding from its computations that the private respondent had paid the petitioner the total amount of P64,895.00, the lower courts ordered the sum returned to him in lieu of the car, which could no longer be restored. The petitioner does not question the refund itself but only the amount of the payments, contending that it should not include the P15,340.00 directly paid by Estavillo to World Cars, Inc. We do not see why this sum should be excluded. That was part of the consideration he paid for the car, which he can no longer recover. That would represent part of the damages he sustained as a result of the illegal act of the petitioner in depriving him of the vehicle despite his legal right to it.

The down payment could be an issue between World Cars, Inc. and FNCB, but it should not affect Estavillo. As far as he is concerned, he is entitled to full reimbursement of the amount he has paid for the Ford Fiera which the petitioner is unable to return to him. The petitioner cannot claim Estavillo should recover the down payment from World Cars, Inc., because the latter had nothing to do with the seizure and subsequent sale of the car. Estavillo's cause of action was against FNCB alone.

In this connection, the Court notes that the interest fixed for the refund by the trial and respondent courts was only 10%. This must be increased to 12%, in accordance with *Reformina v. Tomol*,^[3] where we held:

x x x 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.

x x x

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.

Finally, we find the award of nominal and exemplary damages justified under the following provisions of the Civil Code:

Art. 2221. Nominal damages are adjudicated in order that a right of the plaintiff, which has been violated or invaded by the defendant, may be vindicated or recognized, and not for the purpose of indemnifying the plaintiff for any loss suffered by him.

Art. 2232. In contracts and quasi-contracts, the court may award exemplary damages if the defendant acted in a wanton, fraudulent, reckless, oppressive or malevolent manner.

The petitioner was less than fair in its treatment of the private respondent, who suffered not only actual damages but also humiliation and mental anguish over the unwarranted confiscation of the vehicle he cherished and for which he had already made substantial payments. The seizure was clearly reckless and without regard for his feelings and reputation. On top of this, the petitioner deliberately submitted a false statement of accounts which, when closely analyzed by the trial court, was found to have omitted a number of payments for which Estavillo produced the corresponding receipts. It is clear that Estavillo is entitled to redress in the form of nominal and exemplary damages, in addition to the refund of the payments made by him, for all these thoughtless if not malicious acts of the petitioner.

WHEREFORE, the challenged decision is **AFFIRMED** except for the modification of the imposed interest, which

is increased to 12%. Costs against the petitioner.

SO ORDERED.

Narvasa, (Chairman), Gancayco, Griño-Aquino, and Medialdea, JJ., concur.

[1] Decided by Judge Henedino P. Eduarte.

[2] Penned by Martinez, A., J., with Melo and Lapeña, JJ., concurring.

[3] 139 SCRA 260.

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