

SPECIAL THIRD DIVISION

[CA-G.R. CV No. 99162, May 19, 2014]

**BANK OF THE PHILIPPINE ISLANDS, PLAINTIFF-APPELLEE, VS.
SPOUSES BUENA SALMORIN-PINEDA, GUILLERMO P. PINEDA,
WARREN S. PINEDA AND WINDELL S. PINEDA, DEFENDANTS-
APPELLANTS.**

D E C I S I O N

BUESER, J.:

This is an appeal from the 22 May 2012 Decision^[1] of the Regional Trial Court, Branch 132, of Makati City ("trial court"), in Civil Case No. 07-656 entitled "Bank of the Philippine Islands vs. Spouses Buena Salmorin-Pineda, Guillermo P. Pineda, Warren S. Pineda and Windell S. Pineda," the dispositive portion of which reads -

"WHEREFORE, premises considered, judgment is rendered declaring defendants Sps. Buena Salmorin-Pineda, Guillermo P. Pineda, Warren S. Pineda and Windell S. Pineda are liable to pay to plaintiff Bank of the Philippine Islands the following: a) P577,105.24 plus interest of 1% per month and penalty of 1% per month from demand on 20 June 2007 until full payment; b) P139,276.31 as attorney's fees and litigation expenses; and c) cost of suit.

SO ORDERED."

The Facts

As culled from the records of the trial court -

Bank of the Philippine Islands ("appellee BPI") filed a complaint for sum of money against Spouses Buena Salmorin-Pineda, Guillermo P. Pineda, Warren S. Pineda and Windell S. Pineda alleging that Buena Salmorin-Pineda ("appellant Buena") was issued a BPI Credit Card under customer no. 020100 400 1085109 while extension cards were issued to Guillermo Pineda ("appellant Guillermo"), Warren Pineda ("appellant Warren") and Windell Pineda ("appellant Windell"). By the terms and conditions governing the issuance and use of a BPI Card, appellants Buena, Guillermo, Warren and Windell (collectively "appellants") undertook to pay all the charges incurred through the use of the cards within a period of twenty (20) calendar days, from their assigned cut-off date, without the necessity of a demand. Cardholders are given the option to pay the amount billed in full, or the minimum payment required in the statement of account. Should the cardholder opt to pay the minimum required only, a finance charge of 3.25% based on the average balance is added to the account. Additionally, in case of the card holder's failure to pay on the due date indicated in the billing statement, the unpaid balance shall be subject to late payment charge at the rate of 6% for every month, or a fraction of a month's delay. Appellants used the card issued to them in various establishments and incurred credit charges in the amount of P577,105.24 as reflected in the statement

of account dated May 20, 2007. Thereafter, appellants made irregular partial payments. Their last payment was on March 12, 2007 in the amount of P1,000.00. Demand letters were sent to the appellants but to no avail.

Appellants admitted that appellant Buena was issued a credit line under Credit Card No. 020100 400 1085109 and extension cards were granted to appellants Guillermo, Warren and Windell. However, the line did not last long because appellant Buena asked it to be cut. Their obligation to appellee BPI do not exceed P200,00.00 and they have been religiously paying their monthly bills, without delay.

The Trial Court's Ruling

After due proceedings, the trial court rendered its assailed Decision dated May 22, 2012 finding appellants liable for P577,105.24 representing their unpaid obligation to appellee BPI, the pertinent portion reads -

"From the evidence presented, it is gathered that plaintiff Bank of the Philippine Islands (BPI, for brevity) extends credit accommodations to its cardholders for the purchase of goods and other services from accredited establishments and availment of cash advances from authorized branches or Automated Teller Machines (ATM) to be paid later on by the cardholders. Defendants Buena S. Pineda was issued a BPI Credit Card under customer No. 020100 400 1085109 while extension cards were issued to defendants Guillermo, Warren and Windell. xxx Defendants made use of the credit card, and as of 22 April 2007, defendants obligation stood at P577,105.24 including interest and penalty. When they failed to pay, demand letters were sent to defendant Buena S. Pineda. On the other hand, defendants failed to rebut these matters."

Hence, this appeal.

Issue

Whether the appellants are liable to appellee BPI for the whole obligation.

Whether the excessive interest rate, penalty charges and other surcharge being imposed by appellee BPI is proper.

This Court's Ruling

The use of a bank issued credit card carries with it the responsibility to be prudent in paying your cash advances and purchases. Upon the issuance of the card, the cardholder knows for a fact that its use is governed by terms and conditions, including the imposition of interest and finance charges in the event that the full amount advanced by the bank to the merchant is not paid by the cardholder in full upon arrival of the payment cut-off date. By applying for a credit card and extension cards, appellants agreed to the terms and conditions governing the issuance and use of a BPI credit card. The last sentence of the paragraph, appearing at the lower portion of the delivery receipt,^[2] states -

"xxx By signing and using the card when delivered to me or in my behalf, I signify my agreement to the terms and conditions printed at the back of the card carrier accompanying the said card. I accept liability for all charges on the principal card and extension cards."