

FIRST DIVISION

[G.R. No. 213582, June 28, 2016]

NYMPHA S. ODIAMAR,^[1] PETITIONER, VS. LINDA ODIAMAR VALENCIA, RESPONDENT.

D E C I S I O N

PERLAS-BERNABE, J.:

Before the Court, is a petition for review on *certiorari*^[2] assailing the Decision^[3] dated March 16, 2012 and the Resolution^[4] dated July 14, 2014 of the Court of Appeals (CA) in C.A. G.R. CV No. 93624, which affirmed the Decision^[5] dated May 5, 2009 of the Regional Trial Court of San Jose, Camarines Sur, Branch 58 (RTC) in Civil Case No. T-962 ordering petitioner Nympha S. Odiamar (petitioner) to pay respondent Linda Odiamar Valencia (respondent) the amount of P1,710,049.00 plus twelve percent (12%) interest, attorney's fees, litigation expenses, and the costs of suit.

Facts

On August 20, 2003, respondent filed a complaint^[6] for sum of money and damages against petitioner, alleging that the latter owed her P2,100,000.00. Petitioner purportedly issued China Bank Check No. GHB1147212^[7] (the check) for the said amount to guarantee the payment of the debt, but upon presentment, the same was dishonored.^[8] Respondent lamented that petitioner refused to pay despite repeated demands, and that had she invested the money loaned to petitioner or deposited the same in a bank, it would have earned interest at the rate of 36% per annum or three percent (3%) per month.^[9]

For her part, petitioner sought the dismissal^[10] of the complaint on the ground that it was her deceased parents who owed respondent money. Accordingly, respondent's claim should be filed in the proceedings for the settlement of their estates. Petitioner averred that respondent had, in fact, participated in the settlement proceedings and had issued a certification^[11] stating that it was petitioner's deceased parents who were indebted to respondent for P2,000,000.00. She further maintained that as administratrix of her parents' estates, she agreed to pay such indebtedness on installment but respondent refused to accept her payments.^[12]

Respondent countered^[13] that petitioner personally borrowed almost half of the P2,100,000.00 from her, as evidenced by the check which she issued after agreeing to settle the same in installments.^[14] While respondent conceded that petitioner made several installment payments from December 29, 2000 until May 31, 2003, she pointed out that the latter failed to make any succeeding payments.^[15]

Moreover, respondent denied participating in the proceedings for the settlement of the estates of petitioner's parents, clarifying that petitioner was the one who prepared the certification alluded to and that she (respondent) signed it on the belief that petitioner would make good her promise to pay her (respondent).^[16]

In an Order^[17] dated October 3, 2003, the RTC denied petitioner's motion to dismiss, thus prompting her to file an answer.^[18] She asserted that respondent merely persuaded her to issue the check to guarantee her deceased parents' loan. She further claimed that the check was blank when she issued it and that despite having no authority to fill up the same, respondent wrote the amount and date thereon.^[19] She also maintained that from December 29, 2000 to May 31, 2003, she made, in almost daily installments, payments to respondent ranging from P500.00 to P10,000.00, and that while she tried to make succeeding payments, respondent refused to accept the same, demanding, instead, the payment of the entire balance.^[20] As counterclaim, petitioner prayed that moral damages, attorney's fees, litigation expenses, and exemplary and punitive damages be awarded to her.^[21]

The RTC Ruling

In a Decision^[22] dated May 5, 2009, the RTC ruled in favor of respondent and ordered petitioner to pay: (a) P1,710,049.00 which represents the unpaid portion of the P2,100,000.00 debt; (b) twelve percent (12%) interest computed from the time judicial demand was made on August 20, 2003 until fully paid; (c) P10,000.00 as attorney's fees; (d) litigation expenses amounting to P19,662.78; and (e) the costs of suit.^[23]

The RTC refused to give credence to petitioner's contention that it was her deceased parents who borrowed money from respondent, observing that while the latter acknowledged that the former's deceased parents owed her P700,000.00 out of the P2,100,000.00, petitioner likewise admitted that she obtained personal loans from respondent.^[24] Hence, according to the RTC, petitioner cannot deny her liability to respondent. Further, by assuming the liability of her deceased parents and agreeing to pay their debt in installments - which she in fact paid from December 29, 2000 to May 31, 2003 in amounts of P500.00 to P10,000.00, and which payments respondent did actually accept - a mixed novation took place and petitioner was substituted in their place as debtor. Thus, the liabilities of the estates of petitioner's deceased parents were extinguished and transferred to petitioner.^[25]

Anent the sum due, the RTC surmised that petitioner and her deceased parents owed respondent the sum of P2,000,000.00 as principal and since petitioner undertook to pay the same in installments, P100,000.00 was added as interest; hence, petitioner issued the check for P2,100,000.00.^[26] Based on the receipts submitted by petitioner, the genuineness and due execution of which were not put in issue, petitioner had paid a total of P389,951.00 in installments, leaving an unpaid balance of P1,710,049.00, subject to interest of twelve percent (12%) per annum from the time judicial demand was made on August 20, 2003, in the absence of any written stipulation on interest.^[27]

Aggrieved, petitioner appealed^[28] to the CA, arguing that novation did not take place and no interest was due respondent.^[29]

The CA Ruling

In a Decision^[30] dated March 16, 2012, the CA affirmed the ruling of the RTC.^[31] It agreed that petitioner cannot deny her liability to respondent in view of her admission that she borrowed money from the latter several times.^[32] The CA also found petitioner's claim that she issued a blank check incredible, pointing out that petitioner testified in court that she personally wrote the amount thereon after she and respondent agreed that the loans she and her deceased parents obtained amounted to P2,100,000.00.^[33]

Anent the issue of novation, the CA concurred with the RTC that novation took place insofar as petitioner was substituted in place of petitioner's late parents, considering that petitioner undertook to pay her deceased parents' debt. However, the CA opined that there was no novation with respect to the object of the contract, following the rule that an obligation is not novated by an instrument which expressly recognizes the old obligation and changes only the terms of paying the same, as in this case where the parties merely modified the terms of payment of the P2,100,000.00.^[34]

Dissatisfied, petitioner moved for reconsideration,^[35] which was, however, denied in a Resolution^[36] dated July 14, 2014; hence, this petition.

The Issue Before the Court

The primary issue for the Court's resolution is whether or not petitioner should be held liable to respondent for the entire debt in the amount of P2,100,000.00.

The Court's Ruling

At the outset, it must be emphasized that the fact of petitioner's liability to respondent is well-established. As correctly pointed out by the RTC and the CA, while respondent acknowledged that petitioner's deceased parents owed her money, petitioner also admitted obtaining loans from respondent, viz.:

From [respondent's] recollection, the amount due from [petitioner's] parents is P700,000.00. Aside from her parents' loans, however, [petitioner] herself admitted having obtained personal loans from the respondent while her parents were still alive. She testified:

ATTY. PASA: You also know that [respondent] was also in [lending]?

[PETITIONER]: Yes, Madam.

Q: Because she was in lending you have borrowed money also? (sic)

A: Yes, Madam.

Q: Separate from your father?

A: Yes, Madam.

X X X X

Q: You borrowed money from [respondent] separate from your father prior to his death?

A: Yes, Madam. [37]

Having admitted that she obtained loans from respondent without showing that the same had already been paid or otherwise extinguished, petitioner cannot now aver otherwise. It is settled that judicial admissions made by the parties in the pleadings or in the course of the trial or other proceedings in the same case are conclusive and do not require further evidence to prove them. [38] They are legally binding on the party making it, [39] except when it is shown that they have been made through palpable mistake or that no such admission was actually made, [40] neither of which was shown to exist in this case. Accordingly, petitioner is bound by her admission of liability and the only material question remaining is the extent of such liability.

Based on the records of this case, respondent, for her part, admitted that petitioner's deceased parents owed her P700,000.00 of the P2,100,000.00 debt and that petitioner owed her P1,400,000.00 only:

ATTY. VILLEGAS:

Q When was the first time that the [petitioner] obtained cash advances from you?

A About 1996, sir and then she made several others and she kept on borrowing money from me.

Q Do you mean to say that she obtained part of her loan while her father was still alive?

A Yes, when he was still alive she already borrowed.

Q Are you telling us that this 2.1 Million Pesos was entirely borrowed from you by the [petitioner]?

A There were loans which were obtained by her father, some by her mother and since they died already[,] when we summarized the amount that was the total amount that she owes me, sir.

Q How much is the amount owe[d] to you by the [petitioner's] father?

A I could no longer recall, sir because that was already long time ago but it was part of the summary that we made, sir.

Q Could it be P200,000.00?

A More or less, that much, sir.

Q What about the defendant's mother? How much was her obligation to you?

A P500,000.00, more or less, but I cannot exactly recall.

Q So, the defendant's parents owed you more than P700,000.00 is it not?

A Yes, sir.

x x

x x

COURT:

Q Is it the impression of the Court that the x x x **amount of P700,000.00 is not a personal indebtedness of [petitioner] but that of her parents?** Is that the impression x x x the Court is getting?

A **Yes, Your Honor.**

x x