

## SECOND DIVISION

**[ G.R. No. 178610, November 17, 2010 ]**

**HONGKONG AND SHANGHAI BANKING CORP., LTD. STAFF RETIREMENT PLAN, (NOW HSBC RETIREMENT TRUST FUND, INC.) PETITIONER, VS. SPOUSES BIENVENIDO AND EDITHA BROQUEZA, RESPONDENTS.**

### DECISION

**CARPIO, J.:**

G.R. No. 178610 is a petition for review<sup>[1]</sup> assailing the Decision<sup>[2]</sup> promulgated on 30 March 2006 by the Court of Appeals (CA) in CA-G.R. SP No. 62685. The appellate court granted the petition filed by Fe Gerong (Gerong) and Spouses Bienvenido and Editha Broqueza (spouses Broqueza) and dismissed the consolidated complaints filed by Hongkong and Shanghai Banking Corporation, Ltd. - Staff Retirement Plan (HSBCL-SRP) for recovery of sum of money. The appellate court reversed and set aside the Decision<sup>[3]</sup> of Branch 139 of the Regional Trial Court of Makati City (RTC) in Civil Case No. 00-787 dated 11 December 2000, as well as its Order<sup>[4]</sup> dated 5 September 2000. The RTC's decision affirmed the Decision<sup>[5]</sup> dated 28 December 1999 of Branch 61 of the Metropolitan Trial Court (MeTC) of Makati City in Civil Case No. 52400 for Recovery of a Sum of Money.

### The Facts

The appellate court narrated the facts as follows:

Petitioners Gerong and [Editha] Broqueza (defendants below) are employees of Hongkong and Shanghai Banking Corporation (HSBC). They are also members of respondent Hongkong Shanghai Banking Corporation, Ltd. Staff Retirement Plan (HSBCL-SRP, plaintiff below). The HSBCL-SRP is a retirement plan established by HSBC through its Board of Trustees for the benefit of the employees.

On October 1, 1990, petitioner [Editha] Broqueza obtained a car loan in the amount of Php175,000.00. On December 12, 1991, she again applied and was granted an appliance loan in the amount of Php24,000.00. On the other hand, petitioner Gerong applied and was granted an emergency loan in the amount of Php35,780.00 on June 2, 1993. These loans are paid through automatic salary deduction.

Meanwhile [in 1993], a labor dispute arose between HSBC and its employees. Majority of HSBC's employees were terminated, among whom are petitioners Editha Broqueza and Fe Gerong. The employees then filed an illegal dismissal case before the National Labor Relations

Commission (NLRC) against HSBC. The legality or illegality of such termination is now pending before this appellate Court in CA G.R. CV No. 56797, entitled *Hongkong Shanghai Banking Corp. Employees Union, et al. vs. National Labor Relations Commission, et al.*

Because of their dismissal, petitioners were not able to pay the monthly amortizations of their respective loans. Thus, respondent HSBCL-SRP considered the accounts of petitioners delinquent. Demands to pay the respective obligations were made upon petitioners, but they failed to pay.

[6]

HSBCL-SRP, acting through its Board of Trustees and represented by Alejandro L. Custodio, filed Civil Case No. 52400 against the spouses Broqueza on 31 July 1996. On 19 September 1996, HSBCL-SRP filed Civil Case No. 52911 against Gerong. Both suits were civil actions for recovery and collection of sums of money.

### **The Metropolitan Trial Court's Ruling**

On 28 December 1999, the MeTC promulgated its Decision<sup>[7]</sup> in favor of HSBCL-SRP. The MeTC ruled that the nature of HSBCL-SRP's demands for payment is civil and has no connection to the ongoing labor dispute. Gerong and Editha Broqueza's termination from employment resulted in the loss of continued benefits under their retirement plans. Thus, the loans secured by their future retirement benefits to which they are no longer entitled are reduced to unsecured and pure civil obligations. As unsecured and pure obligations, the loans are immediately demandable.

The dispositive portion of the MeTC's decision reads:

WHEREFORE, premises considered and in view of the foregoing, the Court finds that the plaintiff was able to prove by a preponderance of evidence the existence and immediate demandability of the defendants' loan obligations as judgment is hereby rendered in favor of the plaintiff and against the defendants in both cases, ordering the latter:

1. In Civil Case No. 52400, to pay the amount of Php116,740.00 at six percent interest per annum from the time of demand and in Civil Case No. 52911, to pay the amount of Php25,344.12 at six percent per annum from the time of the filing of these cases, until the amount is fully paid;
2. To pay the amount of Php20,000.00 each as reasonable attorney's fees;
3. Cost of suit.

SO ORDERED.<sup>[8]</sup>

Gerong and the spouses Broqueza filed a joint appeal of the MeTC's decision before the RTC. Gerong's case was docketed Civil Case No. 00-786, while the spouses

Broqueza's case was docketed as Civil Case No. 00-787.

### **The Regional Trial Court's Ruling**

The RTC initially denied the joint appeal because of the belated filing of Gerong and the spouses Broqueza's memorandum. The RTC later reconsidered the order of denial and resolved the issues in the interest of justice.

On 11 December 2000, the RTC affirmed the MeTC's decision in toto.<sup>[9]</sup>

The RTC ruled that Gerong and Editha Broqueza's termination from employment disqualified them from availing of benefits under their retirement plans. As a consequence, there is no longer any security for the loans. HSBCL-SRP has a legal right to demand immediate settlement of the unpaid balance because of Gerong and Editha Broqueza's continued default in payment and their failure to provide new security for their loans. Moreover, the absence of a period within which to pay the loan allows HSBCL-SRP to demand immediate payment. The loan obligations are considered pure obligations, the fulfillment of which are demandable at once.

Gerong and the spouses Broqueza then filed a Petition for Review under Rule 42 before the CA.

### **The Ruling of the Court of Appeals**

On 30 March 2006, the CA rendered its Decision<sup>[10]</sup> which reversed the 11 December 2000 Decision of the RTC. The CA ruled that the HSBCL-SRP's complaints for recovery of sum of money against Gerong and the spouses Broqueza are premature as the loan obligations have not yet matured. Thus, no cause of action accrued in favor of HSBCL-SRP. The dispositive portion of the appellate court's Decision reads as follows:

WHEREFORE, the assailed Decision of the RTC is REVERSED and SET ASIDE. A new one is hereby rendered DISMISSING the consolidated complaints for recovery of sum of money.

SO ORDERED.<sup>[11]</sup>

HSBCL-SRP filed a motion for reconsideration which the CA denied for lack of merit in its Resolution<sup>[12]</sup> promulgated on 19 June 2007.

On 6 August 2007, HSBCL-SRP filed a manifestation withdrawing the petition against Gerong because she already settled her obligations. In a Resolution<sup>[13]</sup> of this Court dated 10 September 2007, this Court treated the manifestation as a motion to withdraw the petition against Gerong, granted the motion, and considered the case against Gerong closed and terminated.

### **Issues**

HSBCL-SRP enumerated the following grounds to support its Petition: