

TWENTY-SECOND DIVISION

[CA-G.R. CV NO. 02260-MIN, June 09, 2014]

LEOPOLDO SARSALEJO, PLAINTIFF-APPELLEE, VS. NETCHIE R. DAVID AND CERILO DAVID, JR. DEFENDANTS-APPELLANTS.

DECISION

INTING, J.:

This is an appeal from the May 21, 2010 Decision^[1] of the Regional Trial Court, Branch 22, Pagadian City in Civil Case No. 3565 for collection of money and damages, the dispositive portion of which reads:

"WHEREFORE, JUDGMENT is hereby rendered declaring defendant Netchie R. David liable to pay the plaintiff the sum of TWO HUNDRED NINETEEN THOUSAND THREE HUNDRED FORTY PESOS (P219,340.00) with interest thereon at the legal rate computed from the commencement of this action until the same shall have been fully paid. Said defendant is hereby further ordered to pay the plaintiff the sum of P50,000 as moral damages and the cost of this suit.

SO ORDERED."

The facts of the case are as follows:

Herein plaintiff Leopoldo Sarsalejo averred that defendant Netchie R. David, with the knowledge of her spouse Cerilo David, obtained loans from him on February 13, 15, 17, 18, 20, 22, 23, 24, 25 and 27, 1994; and on March 1, 4, 6, 7, 9, 12, 13, 15, 18, 20, 21 and 23 of even year amounting to a total of 310,200.00. Both parties allegedly agreed that the loans were to bear an interest of P13.50 per P100.00 payable in 40 days with the installments to be paid daily. On April 5, 7, 9, 11, 19, 25 and 28, Mrs. David was able to pay P1,000.00, P530.00, P155.00, P510.00, P2,000.00, P500.00 and P370.00, respectively. Additional payments of P416.00, P365.00, P310.00, P300.00, P305.00, P305.00 and P310.00 were made on May 3, 5, 9, 23, 30, June 9 and 16, correspondingly. However, Mrs. David thereafter defaulted in paying her due accounts and despite repeated demands by the plaintiff, she still refused to pay. The parties met before the barangay officials for possible conciliation but it was in vain. During that confrontation, plaintiff claimed that Mrs. David admitted being indebted to him. The plaintiff later learned that the money borrowed by Mrs. David was used by her for the construction of their house and other family expenses. Since Mrs. David's alleged loan remained unpaid, the plaintiff filed a complaint on October 11, 1994 for collection of money and damages.^[2]

In their Answer,^[3] the defendants admitted the existence of the loans but denied that they were theirs. Mrs. David claimed that she worked as a collector for the

plaintiff on his lending business and that the amounts he was demanding from her were accounts from several of the plaintiff's clients and not hers. She also stated that the plaintiff has been charging an exorbitant interest of 20% on the loans. She added that she had already turned over all her collections to the plaintiff. Mr. David denied being aware of any loan incurred by his wife and averred that their house was financed by his PAG IBIG loan which he was still paying through payroll deductions.

During trial, the plaintiff testified that Mrs. David approached him about three (3) to four (4) times to apply for a loan. During that time, he still had no funds until February 13, 1994 when he eventually loaned P13,200.00 to Mrs. David. Their agreement was that the loan will be paid in installments every day for 40 days. Thereafter, Mrs. David continued to borrow money from him until he was able to lend her a total of 24 loans amounting to about P220,000.00 including the interest which was pegged at P13.50 per P100.00. Mrs. David's obligations were written in a notebook where her signature appears after the amount loaned signifying that she has received it except for the loan she made on March 25, 1994 for P18,000.00 which was not acknowledged receipt by her. At first, Mrs. David religiously paid her due obligations until March 12, 1994 when she stopped paying. Nevertheless, plaintiff continued to lend Mrs. David the money because she told him that she has time deposits that would cover the payment for the loans. Still, Mrs. David continued to miss her payments despite the demands made by the plaintiff. The plaintiff maintains that before the barangay officials, Mrs. David admitted her debts and offered to pay them at P1,000.00 per month but he refused. The plaintiff clarified that he is not involved in any lending business and that he only extended the loan to Mrs. David because she was a friend and neighbor.^[4]

On his cross-examination, the plaintiff explained that he still lent Mrs. David the money despite her defaults hoping she will eventually pay. Again, he reiterated that he is engaged in buy and sell of tobacco and not in lending but he averred that in March 25, 1994, he learned that Mrs. David was lending the money she owed him to other persons at a higher interest. Consequently, he no longer allowed Mrs. David to borrow money from him and just told her to collect so that she would be able to pay him.^[5]

To corroborate the plaintiff's claim in so far as Mrs. David borrowed money from him is concerned, Norma Aballe, the plaintiff's neighbor, was presented. She deposed that she heard Mrs. David and the plaintiff talking on the latter's balcony. She was also at her balcony at that time attending to her sari-sari store, which was only about a meter away from the plaintiff's balcony, when she overheard Mrs. David trying to borrow money from the plaintiff. She saw Mrs. David visit the plaintiff twice.^[6]

Likewise presented for the plaintiff was the latter's boarder Marilou Cadungog who attested that Mrs. David used to pay her debts to the plaintiff through a little girl. On some occasions she would be in the house when the little girl paid the plaintiff money which according to the girl came from Mrs. David. She specifically remembered the child deliver Mrs. David's payment on April 5, 7 and 9, 1994. After the child turned over the money to the plaintiff, she would sign in a small notebook. Aside from that girl, nobody else went to the house to pay anything to the plaintiff.^[7]

On the other hand, Mrs. David avowed that she was the plaintiff's collector since 1993. They verbally agreed that she was to collect the loan payments made by the plaintiff's customers every after school hours since she was an elementary public school teacher. The plaintiff would just wait for her remittances at Mrs. Aspera's house, which was located in front of the school where she was teaching. After every remittance, she would let the plaintiff sign her notebook. Aside from collecting for the plaintiff, she would sometimes deliver the money to the borrowers who would then sign a piece of paper signifying receipt of the loaned amount. In exchange for her services, the plaintiff would give her snacks or a meager amount of P20.00 or P10.00 per day. She admitted having a loan from one Mr. Pamaran but she denied borrowing any money from the plaintiff because she knows she has no money to pay him.^[8]

On her cross-examination, Mrs. David did not deny having a loan of P79,000.00, which was obtained from one Mr. Pamaran and not with the plaintiff, way back in 1983. She explained that her notebook did not contain the names of the debtors from whom she collected the payments since the plaintiff already knew who they were. She would only dictate to the plaintiff the names of those who failed to pay for the day and that was enough. Since 1993, Mrs. David recalled the plaintiff having about 20 to 30 customers; and that despite the number, she did not list down their names but merely made verbal reports.^[9] She claimed that the plaintiff did not also give her the list of the names of the debtors but only informed her verbally. The plaintiff provided her with a notebook containing the list of the amounts borrowed and she had the plaintiff sign this list after every remittance she made. She felt no need to make a list of those who paid as almost all the customers pay their daily installments; and that she makes the reports to the plaintiff immediately every day albeit only orally. She accepted the job and was contented despite the very low pay because she needed extra income. She also claimed that on April 5, 1994, she was able to collect P81,000.00 for the two weeks the plaintiff was in Cebu to attend his grandson's graduation. From that collection, she was able to lend money to those who finished paying their dues per authorization from the plaintiff.^[10] Out of the P81,000.00, she was able to remit about P10,000 as part thereof was already given to those who loaned again.^[11] As practiced, she did not list the names of those who took the loan but just memorized them and informed the plaintiff later. Five (5) out of the 20 customers borrowed money from her while the plaintiff was away.^[12]

Paulina Ortiz and Carolina Maraňag were presented to support the defendants' asseverations.

Ortiz was informed by one Mrs. Geraldizo to meet up with Mrs. David because the latter can accompany her to the plaintiff who could lend her money. She proceeded to meet the plaintiff at Mrs. Aspera's house together with Mrs. David but she was told to come back as the plaintiff had no funds then. Later, she was informed that the funds were given to Mrs. David. She went to Mrs. David's house where she was given P1,000.00 to be paid at P30.00 per day for 40 days as instructed by the plaintiff from whom the funds came from. She then signed an acknowledgment receipt. She paid her installments at the school where Mrs. David taught or sometimes to the plaintiff. She saw Mrs. David remit the collections to the plaintiff about three (3) times. After which the plaintiff would then sign a notebook.^[13]

Meanwhile, Maraňag knew about the plaintiff's lending business in 1994 through Mrs. Aspera whom she talked to about her financial needs. When she met with the plaintiff, the latter told her to come back after three (3) days as he was still waiting for Mrs. David's remittances to fund the loan. Indeed, after three (3) days, the plaintiff loaned her P1,000.00 to be paid every day for forty days at P30.00. She signed a paper to acknowledge receipt of the amount. The plaintiff advised her to give the payments to his collector Mrs. David. Maraňag's niece made the payments to Mrs. David who did not issue any receipt but would just record them in her notebook. She never saw Mrs. David remit the collections to the plaintiff.^[14]

The RTC rendered the assailed decision resolving that the Mrs. David obtained a loan from the plaintiff. The RTC found that it was unusual for her to make a counter offer of payment during the barangay conciliation if she did not procure a loan in the first place; that such offer impliedly admitted the existence of her obligation; and that she failed to deny it. The RTC further held that if she really was just a collector, her remittances to the plaintiff should have indicated the names of those who paid. The RTC furthermore held that the loan obtained by Ortiz was made without the presence of the plaintiff, thus, it is probable that Mrs. David borrowed money to lend them to others at a higher rate which is evident on the original copies of the acknowledgment receipts kept by her and not by the plaintiff. But the RTC found no sufficient proof to hold Mr. David liable with his wife.

Unyielding, the defendants-appellants' appeal to Us assigning the following RTC errors, to wit:

I.

THE LOWER COURT ERRED IN HOLDING THAT DEFENDANT-APPELLANT TOOK THE SUM OF MONEY BY WAY OF LOANS NOTWITHSTANDING THE FACT THAT THE SAME IS AGAINST HUMAN NATURE AND EVIDENCE;

II.

THE LOWER COURT ERRED IN NOT FINDING THE INTEREST RATE IMPOSED BY THE PLAINTIFF-APPELLEE AS UNCONSCIONABLE AND HOLDING DEFENDANT-APPELLANT LIABLE TO PAY THE FULL AMOUNT OF TWO HUNDRED NINETEEN THOUSAND THREE HUNDRED FORTY PESOS (P219, 340.00).

The defendants-appellants maintain that they never admitted any indebtedness to the plaintiff-appellee during their barangay conciliation and that latter's claim remains without corroborating evidence; that Mrs. David merely collected and remitted to the plaintiff-appellee the loan payments from the latter's clients from his lending business; that if Mrs. David did incur those loans, the plaintiff-appellee would not have continued to lend her money considering she already failed to pay her daily installments from her supposed previous loans; and that the interest imposed by the plaintiff-appellee on the debts were unconscionable, immoral and excessive.

Our Ruling.