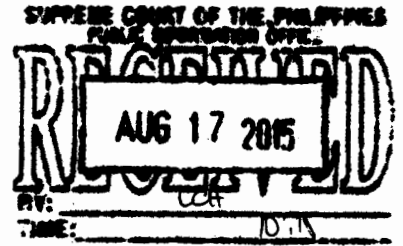




Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION



NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated **June 29, 2015** which reads as follows:*

**“G.R. No. 165961 – SPOUSES ARMANDO ALFONSO and LIBERATA ALFONSO, Petitioners, v. ADORACION ALFONSO, Respondent.**

By this appeal, the defendants, petitioners herein, continue to assail the adverse decision<sup>1</sup> rendered against them by the Regional Trial Court, Branch 34, in Gapan City that the Court of Appeals (CA) affirmed with modification by its judgment promulgated on October 29, 2004.<sup>2</sup>

The CA summarized the facts of the case as follows:

In 1994, Adoracion, a nurse who worked in Saudi Arabia had just received her separation pay from the hospital where she worked abroad. According to Adoracion, her eldest brother Armando and her sister-in-law Liberata, on two occasions that year, 30 April and 30 November 1994, obtained verbal contracts of loan from her amounting to one hundred thousand pesos (Php100,000.00) and fifty thousand pesos (Php50,000.00), respectively. Allegedly, the agreement was for the spouses to return the amounts loaned upon demand with the legal rate of interest. However, Armando and Liberata renege~~d~~ from this agreement despite several oral demands and the intercession of the Alfonso matriarch, Joaquina, on the pretext that they have no obligation to Adoracion because no contract was signed between them.

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<sup>1</sup> Rollo, pp. 26-36; penned by Judge Rodolfo P. Beltran.

<sup>2</sup> Id. at 37-47; penned by Associate Justice Romeo A. Brawner (later Presiding Justice), and concurred in by Associate Justice Mariano C. Del Castillo (now a Member of this Court) and Associate Justice Magdangal M. De Leon.

After three years of attempting to collect on the loan, Adoracion, on April 29, 1997, sent a final written letter of demand received by Armando asking for the payment of the total amount of Php 150,000.00. Armando and Liberata made no response to this demand and neither did they appear before the Barangay authorities when summoned to answer the complaint lodged by Adoracion concerning the loan. x x x<sup>3</sup>

On June 4, 1997, respondent brought this suit against petitioners.<sup>4</sup> In their defense, petitioners denied having borrowed money from respondent, pointing out that: (1) petitioners and respondent were no longer talking to each other since 1991;<sup>5</sup> and (2) as per petitioner Armando's diary, he was in Camp Crame on April 30, 1994, and was with his wife in Hagonoy, Bulacan on November 30, 1994 to visit the grave of his wife's father.<sup>6</sup>

As stated, the RTC rendered judgment, ordering petitioners to pay respondent the principal amount of ₱150,000.00 plus interest of 12% *per annum* starting on April 29, 1997 until fully paid; ₱10,000.00 as attorney's fees plus another ₱10,000.00 for the appearance fees that respondent paid her counsel; and the costs of suit.<sup>7</sup>

Aggrieved, petitioners appealed, charging that:

THE LOWER COURT ERRED IN FINDING THAT DEFENDANT-APPELLANTS (ARE) INDEBTED TO PLAINTIFF-APPELLEE IN THE AMOUNT OF P150,000.00 AND IN ORDERING THE DEFENDANTS TO PAY PLAINTIFF-APPELLEE SAID SUM PLUS INTERENT (sic) AND ATTORNEY'S FEES AND TO PAY THE COSTS OF SUIT.<sup>8</sup>

On October 29, 2004, the CA promulgated the assailed judgment, decreeing:

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<sup>3</sup> Id. at 38.  
<sup>4</sup> Id. at 37.  
<sup>5</sup> Id. at 39.  
<sup>6</sup> Id. at 40.  
<sup>7</sup> Id. at 36.  
<sup>8</sup> Id. at 42.

WHEREFORE, premises considered, the decision of the Regional Trial Court of Gapan City Branch 34, is Affirmed with the Modification that the award of Php 10,000.00 by way of attorney's fees and Php 10,000.00 by way of appearance fees in favor of Plaintiff-Appellee are DELETED. The judgment under appeal is affirmed in all other respects.

SO ORDERED.<sup>9</sup>

Hence, this appeal, with petitioners still insisting that respondent's testimony was marred by inconsistencies;<sup>10</sup> that the testimony of respondent's witness, Leopoldo Alfonso, was tainted with bias and ill-motive;<sup>11</sup> that such testimonies should have not been considered by the trial and appellate courts;<sup>12</sup> that the CA erred in holding that respondent's claim had already been executed, and was not barred by the Statute of Frauds considering that respondent failed to show that a contract of loan existed to begin with.<sup>13</sup>

The appeal lacks merit.

Petitioners themselves admit that the questions they hereby raise are factual in nature.<sup>14</sup> Yet, contrary to their assertions, we find no indication that the CA had overlooked evidence that could alter the result in their favor. Instead, what the RTC lacked in explanation, the CA adequately supplied, viz.:


In seeking the reversal of the decision against them, the spouses insist that the court *quo* erred in finding the existence of verbal contracts of loan. At the core of their appeal is the alleged error of the trial court in giving credence to the untruthful and incredible testimonies of Adoracion and Leopoldo as against their own account of the facts of the case. They point to alleged inconsistencies in the testimony of Adoracion as to the dates the loans were contracted when she seemingly said that these happened in the year 1997 and not 1994 as she had testified to at other times. They also claim that Adoracion was inconsistent on the dates when the amount given to the spouses were withdrawn from the bank and according to them, this shows that she is lying about the very existence of the loans. They also invite Our attention to the alleged bias of Leopoldo which made his testimony in favor of one sibling and against another lacking in credibility.

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<sup>9</sup> Id. at 46.  
<sup>10</sup> Id. at 15-18.  
<sup>11</sup> Id. at 18.  
<sup>12</sup> Id.  
<sup>13</sup> Id. at 19-22.  
<sup>14</sup> Id. at 14.



A reading of the issues raised above indicates that the focal point of the appeal before Us is the factual findings of the trial court, in particular, its calibration of the credibility of the witnesses presented before the trial court.

Well-settled is the rule that the findings of trial court are entitled to the highest respect even finality. As observed by the Supreme Court in a long line of cases, the trial court, having heard the witnesses and observed their demeanor and manner of testifying, is in a better position to decide the question of their credibility.

In the case at bar, the Alfonso spouses have not given Us any reason to deviate from this rule. None of the arguments they have posed warrant a reversal of the trial court's decision and We are won't (sic) to disturb its calibration of the credibility of the witnesses presented before it.

The alleged inconsistencies in the testimony of Adoracion stating the year 1997 as the year the loans were incurred are not enough to discredit her testimony. To determine the credibility and probative weight of the testimony of a witness, such testimony must be considered in its entirety and not in truncated parts. Moreover to discredit Adoracion for her testimony on this matter, it was incumbent upon the defense to confront her with those statements and give her ample opportunity to explain the apparent inconsistency – this Armando and Liberata failed to do.

Instead, it is even from their counsel that We find that Adoracion had attempted to make a correction on her testimony on this point as reflected in the transcript of stenographic notes. This indicates to Us that really, Adoracion merely made a mistake on the matter and her (sic) credibility of her testimony regarding the circumstances of the loan itself remains untainted.

The same could be said regarding the supposed discrepancy regarding her testimony on the dates when she withdrew money from her two depository banks. x x x

x x x x

A perusal of the exchange above and the copies of the two passbooks in Adoracion's name shows that the discrepancy referred to is more apparent than real. In the first place, it is important to remember that Adoracion testified that the money she loaned to Armando and Liberata came from two different bank accounts. Moreover, the premise of the question itself, a withdrawal of Php100,000.00 from either of the two accounts on 4 October 1994 is misleading since no such withdrawal appears thereon on that date. Instead, Adoracion's account with the Bank of the Philippine Islands shows a deposit of Php100,000.00 on 4 October 1994. Thus, when the opposing counsel questioned Adoracion about a supposed withdrawal of Php100,000.00 from one of her two accounts without identifying the bank involved in the transaction, it is easy to understand the inconsistent answers she gave.

We defer to the trial court's findings regarding the (sic.) Leopoldo's credibility in his testimony in favor of Adoracion. To reiterate, the trial court, which had the opportunity of observing the demeanor of the witnesses on the witness stand, is in a better position to decide the question of their credibility.

The fact that Leopoldo worked for Adoracion's piggery business is not enough to impeach his testimony. Likewise, Armando and Liberata were not able to substantiate the alleged hatred harbored by Leopoldo against them. Moreover, even if we assume this to be true, it has not been established that this hatred is of such nature as would lead Leopoldo to condemn his brother to pay a substantial amount of money. The only logical explanation is that he indeed witnessed the verbal loan transactions between his brother and sister-in-law on one hand, and his sister on the other.<sup>15</sup>

Worthy to reiterate is that the factual findings of the CA are conclusive on the Court because it is not our charge to weigh and calibrate again the evidence considered by the trial and appellate courts.<sup>16</sup> Herein, we have more reason to respect the CA's findings because it painstakingly went through the records anew if only to satisfy itself that the trial court had correctly ruled and found in favor of respondent.

Moreover, we observe that the issues and arguments presented in the petition are a mere rehash of those raised in and determined by the CA. With no new or compelling reason to vary from the CA's findings and conclusions, we affirm the CA's judgment, including the deletion of the attorney's fees and appearance fees.

However, we find it necessary to discuss the proper rates of interest to which respondent was entitled. In *Nacar v. Gallery Frames*<sup>17</sup> and *S.C. Megaworld Construction and Development Corporation v. Parada*,<sup>18</sup> we applied Monetary Board Circular No. 799 by reducing the interest rates allowed in judgments from 12% *per annum* to 6% *per annum*.<sup>19</sup> MB Circular No. 799 is applied prospectively, and the legal rate of 12% *per annum* would still apply to judgments that became final and executory prior to July 1, 2013, the date of effectivity of the circular.<sup>20</sup>

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<sup>15</sup> Id. at 42-45.

<sup>16</sup> *Pantranco North Express, Inc. v. Court of Appeals*, G.R. No. 105180, July 5, 1993, 224 SCRA 477, 485-486.

<sup>17</sup> G.R. No. 189871, August 13, 2013, 703 SCRA 439.

<sup>18</sup> G.R. No. 183804, September 11, 2013, 705 SCRA 584.

<sup>19</sup> MB Circular No. 799, Section 1. The rate of interest for the loan or forbearance of any money, goods or credits and the rate allowed in judgments, in the absence of an express contract as to such rate of interest, shall be six percent (6%) per annum.

<sup>20</sup> *Supra* note 18, at 610.

Applying the aforesaid rulings, the proper interest rates to be imposed are as follows:

1. The principal amount of ₱150,000.00 shall bear interest of 12% *per annum* computed from April 29, 1997, the date when respondent demanded from petitioners the payment of the same, until June 30, 2013; and 6% *per annum* computed from July 1, 2013 until finality of this decision; and
2. The principal amount and its accrued interests shall earn interest of 6% *per annum* from the finality of our decision until fully paid.

**WHEREFORE**, the Court **AFFIRMS** the decision promulgated on October 29, 2004 subject to the **MODIFICATIONS** that petitioners shall pay: (a) interest at the rate of 12% *per annum* computed from April 29, 1997 until June 30, 2013 on the principal of ₱150,000.00; and 6% *per annum* on the principal of ₱150,000.00 computed from July 1, 2013 until finality of this decision; and (b) interest on the principal of ₱150,000.00 and its accrued interests at the rate of 6% *per annum* from the finality of this decision until fully paid.

The petitioners shall pay the costs of suit.

**SO ORDERED.”**

Very truly yours,

  
**EDGAR O. ARICHETA**  
Division Clerk of Court

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Atty. Noel S. Ferrer  
Counsel for Petitioners  
Unit C, 3F, GOMEGA Bldg.  
206 Tiosejo St. cor. Shaw Blvd.  
1550 Mandaluyong City

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(CA-G.R. CV No. 77641)

Atty. Mario M. Pangilinan  
Counsel for Respondent  
San Vicente, Gapan City  
3105 Nueva Ecija

The Hon. Presiding Judge  
Regional Trial Court, Br. 34  
Gapan City 3105 Nueva Ecija  
(Civil Case No. 1792)



