



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **10 June 2020** which reads as follows:*

“**G.R. No. 251517 (Edna Tozan V. Tan v. Antonio Hermano, doing business under the name and style of Hermano Merchandising)**. – The core issue of this Petition is whether or not there exists a valid verbal loan agreement between the parties. This is a factual issue that is best left to the trial courts to determine. The prevailing rule is that findings of fact of the trial court, particularly when affirmed by the Court of Appeals, are binding upon the Supreme Court. As a rule, the jurisdiction of this Court in cases brought to it from the Court of Appeals is limited to the review and revision of errors of law allegedly committed by the appellate court as it[s] findings of fact are deemed conclusive. As such, this Court is not duty-bound to analyze and weigh all over again the evidence already considered in the proceedings below.¹ Unless, the case falls within the exceptions laid down by jurisprudence, We will not scrutinize the factual arguments made by the parties.

After a careful evaluation of the records, We find that the Court of Appeals committed no reversible error in ruling that the parties entered into a valid verbal loan agreement.

A contract is defined as a meeting of minds between two persons whereby one binds himself with respect to the other, to give something or to render some service. Generally, contracts need not be in writing in order to be valid. Contracts are obligatory in whatever form they may have been entered into provided that all essential requisites for their validity are present.² Here, respondent and petitioner entered into a verbal loan agreement wherein the former will extend a loan with the latter and her spouse, in the amount of ₱2,000,000.00, payable in three (3) months with a monthly interest of 2.5%. As correctly found by the trial court and the CA,

¹ *Romago Electric Co., Inc. v. Court of Appeals*, 8 Phil. 967 (2000).

² *Id.*

herein respondent was able to prove the existence of a valid verbal loan agreement between him and petitioner when he presented during trial, petitioner's RCBC check amounting to ₱2,000,000.00, as well as the sixty-seven (67) checks, each in the amount of ₱30,000.00, save for one in the amount of ₱20,000.00. Furthermore, petitioner admitted during the pre-trial that she was the one who issued, signed and delivered all the sixty-seven (67) Metrobank checks to respondent. Settled is the rule that when a creditor is in possession of an instrument of indebtedness, there is a presumption that the credit has not been paid. It is the debtor's duty to overcome such presumption or prove that payment has been made. In this case, herein petitioner was not able to overcome the presumption of indebtedness, as she did not present any evidence to prove her claim of payment.

Likewise, the CA was correct in ruling that the 2.5% interest rate allegedly agreed upon by the parties cannot be applied as it was not made in writing. Thus, the legal interest of 12% per annum will be applied reckoned from the date of the extrajudicial demand of the respondent up to 30 June 2013, and thereafter, at the legal rate of 6% per annum³ from 1 July 2013 until finality of the ruling.

WHEREFORE, the petition is **DENIED**, and the assailed Decision and Resolution dated 31 March 2019 and 21 January 2020, respectively, rendered by the Court of Appeals, Sixth Division, in CA-G.R. CV No. 109524, are hereby **AFFIRMED**. Costs against petitioner.

SO ORDERED." (*J. Gaerlan, designated Additional Member per Special Order No. 2780 dated May 11, 2020.*)

Very truly yours,


TERESITA AQUINO TUAZON
Deputy Division Clerk of Court *Uth 8/20*
24 AUG 2020

³ Bangko Sentral ng Pilipinas-Monetary Board Circular No. 799, Series of 2013.

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HON. PRESIDING JUDGE (reg)
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Quezon City
(Civil Case No. Q-05-55904)

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Please notify the Court of any change in your address.
GR251517. 06/10/2020(8)URES *h/24*