



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

GEORGIA
JALANDONI,

OSMEÑA-

G.R. No. 205578

Petitioner,

Present:

- versus -

CARPIO, J., Chairperson,
PERALTA,
MENDOZA,
LEONEN,* and
JARDELEZA, JJ.

CARMEN A. ENCOMIENDA,
Respondent.

Promulgated:

01 MAR 2017

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DECISION

PERALTA, J.:

This is an appeal from the Decision¹ of the Court of Appeals, Cebu City (CA) dated March 29, 2012 and its Resolution² dated December 19, 2012 in CA-G.R. CV No. 01339 which set aside the Decision³ of the Cebu Regional Trial Court (RTC), Branch 57, dated January 9, 2006, dismissing respondent Carmen Encomienda's claim for sum of money.

The facts, as shown by the records of the case, are as follows:

Encomienda narrated that she met petitioner Georgia Osmeña-Jalandoni in Cebu on October 24, 1995, when the former was purchasing a

* On official leave.

¹ Penned by Associate Justice Gabriel T. Ingles, with Associate Justices Nina G. Antonio-Valenzuela and Pamela Ann Abella Maxino; concurring; *rollo*, pp. 30-54.

² Penned by Associate Justice Gabriel T. Ingles, with Associate Justices Pamela Ann Abella Maxino and Carmelita Salandanan Manahan; concurring; *id.* at 55-56.

³ Penned by Judge Enriqueta Loquillano-Belarmino; *id.* at 64-79.

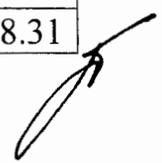
condominium unit and the latter was the real estate broker. Thereafter, Encomienda and Jalandoni became close friends. On March 2, 1997, Jalandoni called Encomienda to ask if she could borrow money for the search and rescue operation of her children in Manila, who were allegedly taken by their father, Luis Jalandoni. Encomienda then went to Jalandoni's house and handed ₱100,000.00 in a sealed envelope to the latter's security guard. While in Manila, Jalandoni again borrowed money for the following errands:⁴

1. Publication in SunStar Daily of Georgia's missing children	₱11,000.00
2. Reproduction of the pictures of Georgia's children	720.00
3. Additional reproduction of pictures	1,350.00
4. Plane fare for Georgia's secretary to Manila	3,196.00
5. Allowance of Germana Berning in going to Manila	4,080.00
6. Cash airbill of Kabayan Forwarders	49.50
7. Cash airbill of Kabayan Forwarders	49.50
8. Salary of Georgia's household helper Reynilda Atillo for March 16-31, 1997	750.00
9. Salary of Georgia's driver Billy Tano for March 16-31, 1997	2,000.00
10. Petty cash for Germana Berning	250.00
11. Consultancy fee of Germana Berning	7,000.00
12. Filing fee of case filed by Georgia against CIS	100,500.00
13. Cebu cable bill per receipt No. 197743	380.00
14. Cebu cable bill per receipt No. 197742	380.00
15. Bankard bill of Georgia	840.00
16. Services of 2 security guards for 2/1-15/97 and 3/1-31/97	14,715.00
17. One sack of rice and gasoline	1,270.00
18. Food allowance for Georgia's household and payment for food ordered	2,900.00
19. Shipping charge of immigration papers sent to Georgia in Manila	145.45
20. Shipping charge of cellphone and easy call pager sent to Georgia	145.45
21. Salary of Georgia's helper Renilda Atillo from April 1-15, 1997	750.00
22. Purchase of cellphone registered in the name of Encomienda's sister, Paz	10,260.00
23. Pager acquired on April 10, 1997 upon Georgia's request	6,351.00

⁴ Rollo, pp. 31-34.



24. Wanted ad in Panay News and expenses of Georgia's secretary	8,500.00
25. Salary of Billy Tano from April 1-15, 1997	2,000.00
26. Water consumption of Georgia's house in Paradise Village	1,120.00
27. Services of security guard from April 1-15, 1997	4,905.00
28. Telephone bill for Georgia's residential phone from March 25 to April 24, 1997	3,609.77
29. Telephone bill for Georgia's other telephone line	440.20
30. Plane ticket for Georgia's psychic friends	\$1,570.00
31. Petty cash for GRO Co. owned by Georgia	3,150.00
32. Bill of cellphone under the name of Paz Encomienda	5,468.70
33. Another bill of cellphone used by Georgia	3,923.87
34. Cost of reproduction of pictures	2,500.00
35. Salary of driver and house help of Georgia from May 15-31, 1997	3,250.00
36. Service charge of Georgia's cellphone number	550.00
37. Ritual performed in Georgia's house to drive away evil spirits	17,500.00
38. Prayers for Georgia's missing children	5,500.00
39. Amount given to priest who performed a blessing of the house of Georgia	500.00
40. Globe cellular phone bill of Georgia as of 5/10/97	7,957.24
41. Salary of Germana Berning for May 1997	6,000.00
42. Amount given to priest for mass and blessing	2,500.00
43. Cash given to G. Berning for payment of Georgia's phone bill	3,000.00
44. Gasoline for Georgia's car paid on 6/10/97 per cash slip #221088	150.00
45. Gasoline for Georgia's car paid on 6/10/97 per cash slip #220997	379.44
46. Bill for Georgia's Easycall pager	1,605.09
47. Security guard services for May 16-31	4,905.00
48. Globe bill for cellular phone from April 18, 1997 to May 17, 1997	5,543.98
49. Bill of cellular phone registered in the name of Paz Encomienda but used by Georgia paid on June 18, 1997	14,169.21
50. Charge for changing the cap of Easycall pager on June 21, 1997	275.00
51. Monthly bill for Georgia's Easycall pager from 7/15/97 to 10/14/97	1,551.00
52. Water bill for April-May 1997 paid on June 25,	1,728.31



1997	
53. Cebu Cable bill paid on 6/25/97	380.00
54. PLDT bill for the telephone in Georgia's residence	2,097.98
55. Electric bill paid on 6/25/97	1,964.43
56. Purchase of steel cabinet on 6/25/97	2,750.00
57. Airbill of JRS in sending the cap of Easycall pager	20.00
58. Bill for the cellphone in the name of Paz Encomienda but used by Georgia, June to July 8, 1997	8,630.11
59. Penalty for downgrading of executive line of cellphone	1,045.00
60. Globe cellphone bill paid on 9/10/97	1,903.00
61. Charge for downgrading of cellphone plan from Advantage to Basic	660.00
62. Penalty for Easycall 11/17/97	1,248.50

On April 1, 1997, Jalandoni borrowed ₱1 Million from Encomienda and promised that she would pay the same when her money in the bank matured. Thereafter, Encomienda went to Manila to attend the hearing of Jalandoni's *habeas corpus* case before the CA where ₱100,000.00 more was requested. On May 26, 1997, now crying, Jalandoni asked if Encomienda could lend her an additional ₱900,000.00. Encomienda still acceded, albeit already feeling annoyed. All in all, Encomienda spent around ₱3,245,836.02 and \$6,638.20 for Jalandoni.

When Jalandoni came back to Cebu on July 14, 1997, she never informed Encomienda. Encomienda then later gave Jalandoni six (6) weeks to settle her debts. Despite several demands, no payment was made. Jalandoni insisted that the amounts given were not in the form of loans. When they had to appear before the *Barangay* for conciliation, no settlement was reached. But a member of the *Lupong Tagapamayapa* of *Barangay* Kasambagan, Laureano Rogero, attested that Jalandoni admitted having borrowed money from Encomienda and that she was willing to return it. Jalandoni said she would talk to her lawyer first, but she never came back. Hence, Encomienda filed a complaint. She impleaded Luis as a necessary party, being Georgia's husband.

For her defense, Jalandoni claimed that there was never a discussion or even just an allusion about a loan. She confirmed that Encomienda would indeed deposit money in her bank account and pay her bills in Cebu. But when asked, Encomienda would tell her that she just wanted to extend some help and that it was not a loan. When Jalandoni returned to Cebu, Encomienda wanted to fetch her at the airport but the former refused. This

allegedly made Encomienda upset, causing her to eventually demand payment for the amounts originally intended to be gratuitous.

On January 9, 2006, the RTC of Cebu City dismissed Encomienda's complaint, the dispositive portion of which states:

WHEREFORE, in view of the foregoing, this case is hereby dismissed.

SO ORDERED.⁵

Therefore, Encomienda brought the case to the CA. On March 29, 2012, the appellate court granted the appeal and reversed the RTC Decision, to wit:

WHEREFORE, the defendant-appellant's appeal is **GRANTED**. The decision of the trial court dated January 9, 2006 is hereby **REVERSED** and **SET ASIDE** and in its stead render judgment against defendant-appellee Georgia Osmeña-Jalandoni ordering the latter to pay plaintiff-appellant Carmen A. Encomienda the following:

1. The sum of Three Million Two Hundred Forty-Five Thousand Eight Hundred Thirty-Six (₱3,245,836.02) Pesos and 02/100 and Six Thousand Six Hundred Thirty-Eight (US\$6,638.20) US Dollars and 20/100;
2. Legal interest of Twelve (12%) Percent from August 14, 1997 the date of extrajudicial demand.
3. Attorney's fees and expenses of litigation in the amount of One Hundred Thousand (₱100,000.00) Pesos.

Let a copy of this Decision be served upon defendants-appellees through their respective counsels. The Division Clerk of Court is directed to furnish a copy of this Decision to plaintiff-appellant who, to date, has yet to submit the name of her new counsel following the death of appellant's original counsel of record, Atty. Richard W. Sison.

SO ORDERED.⁶

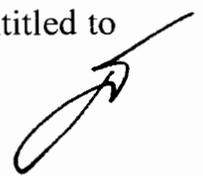
Jalandoni filed a motion for reconsideration, but the same was denied.⁷ Hence, the instant petition.

The sole issue in this case is whether or not Encomienda is entitled to be reimbursed for the amounts she defrayed for Jalandoni.

⁵ *Id.* at 79.

⁶ *Id.* at 53-54. (Emphasis in the original)

⁷ *Id.* at 55-56.



Jalandoni insists that she never borrowed any amount of money from Encomienda. During the entire time that Encomienda was sending her money and paying her bills, there was not one reference to a loan. In other words, Jalandoni would have the Court believe that Encomienda volunteered to spend about ₱3,245,836.02 and \$6,638.20 of her hard-earned money in a span of eight (8) months for her and her family simply out of pure generosity and the kindness of her heart, without expecting anything in return. Such presupposition is incredible, highly unusual, and contrary to common experience, unless the benefactor is a billionaire philanthropist who usually spends his days distributing his fortune to the needy. It is a notable fact that Jalandoni was married to one of the richest *hacenderos* of Iloilo and belong to the privileged and affluent Osmeña family, being the daughter of the late Senator Sergio Osmeña, Jr. Clearly then, Jalandoni is not one to be a convincing object of anyone's charitable acts, especially not from someone like Encomienda who has not been endowed with such wealth and powerful pedigree.

The appellate court aptly pointed out that when Encomienda gave a Barbie doll to Jalandoni's daughter, she was quick to send a letter acknowledging receipt and thanking Encomienda for the simple gift. However, not once did Jalandoni ever send a simple note or letter, let alone a card, expressing her gratitude towards Encomienda for the countless instances she received various amounts of money supposedly given to her as gifts.

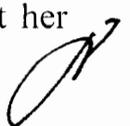
Jalandoni also contends that the amounts she received from Encomienda were mostly provided and paid without her prior knowledge and thus she could not have consented to any loan agreement. She relies on the trial court's finding that Encomienda's claims were not supported by any documentary evidence. It must be stressed, however, that the trial court merely found that no documentary evidence was offered showing Jalandoni's authorization or undertaking to pay the expenses. But the second paragraph of Article 1236 of the Civil Code provides:

x x x x

Whoever pays for another may demand from the debtor what he has paid, except that **if he paid without the knowledge or against the will of the debtor**, he can **recover only insofar as the payment has been beneficial to the debtor**.⁸

Clearly, Jalandoni greatly benefited from the purportedly unauthorized payments. Thus, even if she asseverates that Encomienda's payment of her household bills was without her knowledge or against her

⁸ Emphasis ours.



will, she cannot deny the fact that the same still inured to her benefit and Encomienda must therefore be consequently reimbursed for it. Also, when Jalandoni learned about the payments, she did nothing to express her objection to or repudiation of the same, within a reasonable time. Even when she claimed that she was prepared with her own money,⁹ she still accepted the financial assistance and actually made use of it. While she asserts to have been upset because of Encomienda's supposedly intrusive actions, she failed to protest and, in fact, repeatedly accepted money from her and further allowed her to pay her driver, security guard, househelp, and bills for her cellular phone, cable television, pager, gasoline, food, and other utilities. She cannot, therefore, deny the benefits she reaped from said acts now that the time for restitution has come. The debtor who knows that another has paid his obligation for him and who does not repudiate it at any time, must corollarily pay the amount advanced by such third person.¹⁰

The RTC likewise harped on the fact that if Encomienda really intended the amounts to be a loan, normal human behavior would have prompted at least a handwritten acknowledgment or a promissory note the moment she parted with her money for the purpose of granting a loan. This would be particularly true if the loan obtained was part of a business dealing and not one extended to a close friend who suddenly needed monetary aid. In fact, in case of loans between friends and relatives, the absence of acknowledgment receipts or promissory notes is more natural and real. In a similar case,¹¹ the Court upheld the CA's pronouncement that the existence of a contract of loan cannot be denied merely because it was not reduced in writing. Surely, there can be a verbal loan. Contracts are binding between the parties, whether oral or written. The law is explicit that contracts shall be obligatory in whatever form they may have been entered into, provided all the essential requisites for their validity are present. A simple loan or *mutuum* exists when a person receives a loan of money or any other fungible thing and acquires its ownership. He is bound to pay to the creditor the equal amount of the same kind and quality. Jalandoni posits that the more logical reason behind the disbursements would be what Encomienda candidly told the trial court, that her acts were plainly an "unselfish display of Christian help" and done out of "genuine concern for Georgia's children." However, the "display of Christian help" is not inconsistent with the existence of a loan. Encomienda immediately offered a helping hand when a friend asked for it. But this does not mean that she had already waived her right to collect in the future. Indeed, when Encomienda felt that Jalandoni was beginning to avoid her, that was when she realized that she had to protect her right to demand payment. The fact that Encomienda kept the receipts even for the smallest amounts she had advanced, repeatedly sent demand letters, and immediately filed the instant case when Jalandoni stubbornly refused to heed her demands sufficiently disproves the latter's

⁹ Rollo, p. 19.

¹⁰ *Spouses Publico v. Bautista*, 639 Phil. 147, 154 (2010).

¹¹ *Spouses Tan v. Villapaz*, 512 Phil. 366, 376 (2005).



belief that all the sums of money she received were merely given out of charity.

Truly, Jalandoni herself admitted that she received the aforementioned amounts from Encomienda and is merely using her lack of authorization over the payments as her defence. In fact, *Lupong Tagapamayapa* member Rogero, a disinterested third party, confirmed this, saying that during the *barangay* conciliation, Jalandoni indeed admitted having borrowed money from Encomienda and that she would return it. Jalandoni, however, reneged on said promise.

The principle of unjust enrichment finds application in this case. Unjust enrichment exists when a person unfairly retains a benefit to the loss of another, or when a person retains money or property of another against the fundamental principles of justice, equity, and good conscience. There is unjust enrichment under Article 22 of the Civil Code when (1) a person is unjustly benefited, and (2) such benefit is derived at the expense of or with damages to another. The principle of unjust enrichment essentially contemplates payment when there is no duty to pay, and the person who receives the payment has no right to receive it.¹² The CA is then correct when it ruled that allowing Jalandoni to keep the amounts received from Encomienda will certainly cause an unjust enrichment on Jalandoni's part and to Encomienda's damage and prejudice.

WHEREFORE, PREMISES CONSIDERED, the Court **DISMISSES** the petition for lack of merit and **AFFIRMS** the Decision of the Court of Appeals, Cebu City dated March 29, 2012 and its Resolution dated December 19, 2012 in CA-G.R. CV No. 01339, **with MODIFICATION** as to the interest which must be twelve percent (12%) *per annum* of the amount awarded from the time of demand on August 14, 1997 to June 30, 2013, and six percent (6%)¹³ *per annum* from July 1, 2013 until its full satisfaction.

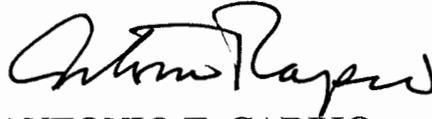
SO ORDERED.


DIOSDADO M. PERALTA
Associate Justice

¹² *Filinvest Land, Inc., et al. v. Backy, et al.*, 697 Phil. 403, 412-413 (2012).

¹³ Pursuant to the Bangko Sentral ng Pilipinas Circular No. 799, Series of 2013; *Nacar v. Gallery Frames*, 716 Phil. 267 (2013).

WE CONCUR:



ANTONIO T. CARPIO
Associate Justice
Chairperson



JOSE CATRAL MENDOZA
Associate Justice

On official leave
MARVIC M.V.F. LEONEN
Associate Justice



FRANCIS H. JARDELEZA
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Acting Chief Justice

