

## THIRD DIVISION

[ G.R. No. 192518, October 15, 2014 ]

**PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND/OR  
ERNANI TUMIMBANG, PETITIONERS, VS. HENRY ESTRANERO,  
RESPONDENT.**

### D E C I S I O N

**REYES, J.:**

This appeal by petition for review<sup>[1]</sup> seeks to annul and set aside the Decision<sup>[2]</sup> dated February 15, 2010 and Resolution<sup>[3]</sup> dated May 25, 2010 of the Court of Appeals (CA) in CA-G.R. SP No. 108297, which affirmed the Decision<sup>[4]</sup> dated August 29, 2008 of the National Labor Relations Commission (NLRC) in NLRC-NCR Case No. 00-10-08679-05, and its Resolution<sup>[5]</sup> dated January 30, 2009 denying Philippine Long Distance Telephone Company's (PLDT) Motion for Reconsideration. The NLRC Decision affirmed the Decision<sup>[6]</sup> dated December 8, 2006 of the Labor Arbiter (LA) ordering PLDT to pay Henry Estranero (respondent) his separation pay.

#### The Facts

Petitioner PLDT is a public utility corporation engaged in the business of providing telecommunication services to the general public. On July 1, 1995, PLDT employed the respondent as an Auto-Mechanic/Electrician Helper, Job Grade 3 with a monthly salary of P15,000.00 at the time of his separation from the service in 2003.

In the year 1995, PLDT adopted a company-wide Manpower Reduction Program (MRP), aimed at reducing its work force. To commence with its program, PLDT offered the affected employees an attractive redundancy pay consisting of 100% of their basic monthly salary for every year of service, in addition to their retirement benefits, if entitled. For those who were not qualified to the retirement benefits, they were offered separation or redundancy package of 200% of their basic monthly salary for every year of service.

By virtue of the MRP, a number of positions were declared redundant. Among those gravely affected by the MRP was the Fleet Management Division where the respondent was assigned, on account of the significant decrease of company vehicles, machineries, and equipment that required mechanical servicing and repair. Consequently, the respondent's position was included in those declared as redundant.

Attracted by the separation pay offered by the company, the respondent expressed his conformity to his inclusion in the MRP. In the inter-office Memorandum dated April 21, 2003, the respondent declared that he has no objection to being included in the redundancy program of PLDT. After having signified his intention and after

approval thereof by his superior officers, the respondent's name was included in the list of redundant employees for that period and a Notice of Separation Due to Redundancy was submitted to the Department of Labor and Employment on April 25, 2003. He was then made to sign a deed denominated as a Receipt, Release and Quitclaim for his severance from employment, thus availed of the offered personnel reduction program. Thereafter, PLDT proceeded to compute the respondent's redundancy/separation benefits.

Since his length of service was seven (7) years, eleven (11) months and fifteen (15) days, which was rounded to 8 years, the respondent was not qualified for retirement pay which required an employee to have worked for at least 15 years. The respondent was nonetheless entitled to 200% of his basic monthly salary for every year of service by way of redundancy pay or equivalent to P240,000.00. In addition, he was also entitled to other benefits he has earned for the years prior to, and during the year of his actual separation, *i.e.*, 2002 and 2003 sick leave benefits, 2002 and 2003 vacation leave and vacation leave premium benefits, longevity pay, mid-year bonus, 13<sup>th</sup> month pay and Christmas bonus, all in the sum of P27,028.37. Thus, his aggregate redundancy pay plus other earned benefits amounted to P267,028.37.

However, the respondent had outstanding liabilities arising from various loans he obtained from different entities, namely: the Home Development Mutual Fund (HDMF), PLDT Employees Credit Cooperative, Inc., PLDT Service Cooperative, Inc., [7] Social Security System (SSS), and the Manggagawa ng Komunikasyon sa Pilipinas, which summed to P267,028.37.[8] Thus, PLDT deducted the said amount from the payment that the respondent was supposed to receive as his redundancy pay.

As a result, when the respondent was made to sign the Receipt, Release and Quitclaim, it showed that his take home pay was in the amount of "zero pesos." This prompted the respondent to retract his availment of the separation pay package offered to him through a letter addressed to the company dated May 8, 2003. Despite said retraction, however, the respondent was no longer allowed to report for work.

Subsequently, the respondent filed a complaint for illegal dismissal with reinstatement, as well as moral and exemplary damages plus attorney's fees, docketed as NLRC-NCR Case No. 04-02820-97, against PLDT and Ernani Tumimbang (petitioners), the Division Head of the Fleet Management Division where the respondent was assigned.

In due course, the LA rendered a Decision dated December 8, 2006 in favor of the respondent, disposing as follows:

WHEREFORE, foregoing premises considered, respondent Philippine Long Distance Telephone Company is hereby ordered to pay complainant Henry T. Estrero his separation pay in the amount of P267,038.37 [sic].

The "set-off of complainant's outstanding loans in the amount of

P267,038.37 [sic] against his separation pay invoked by respondents is hereby dismissed for lack of jurisdiction.

All other claims are hereby ordered dismissed for lack of merit.

SO ORDERED.<sup>[9]</sup>

The LA sustained the validity of PLDT's redundancy program as an authorized cause to terminate the employment of the respondent, and his entitlement to the redundancy/separation pay pursuant to the MRP, being more advantageous than the benefits allowed under the law. The LA, however, ruled that the office lacks jurisdiction to pass upon the issue of PLDT's act in deducting the total outstanding loans which the respondent obtained from different entities since the same does not involve an employer-employee relationship, and may only be enforced by PLDT through a separate civil action in the regular courts.

On appeal, the NLRC affirmed the LA decision. The NLRC ruled that the respondent should be paid his separation pay on account of redundancy. As to the setting-off of the respondent's outstanding loans, it agreed with the LA that the same is not a labor dispute but one arising from a debtor-creditor relation where PLDT stands as a collecting agent over which the labor tribunals has no jurisdiction.

The petitioners filed a motion for reconsideration but it was denied; hence, they filed a petition for *certiorari* with the CA.

On February 15, 2010, the appellate court promulgated its Decision affirming the assailed NLRC decision. The CA held that there is no more question as to the legality of the respondent's dismissal from employment as the respondent had accepted the validity of his dismissal from service. The controversy arose when the petitioners deducted from the respondent's redundancy pay the latter's outstanding liabilities arising from various loans he obtained from different entities such that his take home pay became zero.

In sustaining the respondent's claim for redundancy pay, the appellate court ratiocinated:

The deductions subject of this case pertain to loans which x x x respondent availed from various entities. Hence, as above stated, there must be proof that there is a personal written authorization from x x x respondent authorizing petitioners to deduct from his terminal pay his outstanding loans from said entities. Petitioners failed to present convincing evidence that, indeed, x x x respondent, has knowledge and consented to these deductions. On the contrary, x x x respondent maintains that petitioners unilaterally made the application of deductions without his knowledge, much less consent. Thus, it is the burden of petitioners to present proof of the validity of the deductions. However, aside from their bare allegations, they did not offer any concrete and tangible evidence proving their authority to deduct the outstanding loans of x x x respondents from his redundancy pay. They did not submit any written Authority to Deduct to evince the validity of the deductions. While

they submitted two written Authority to Deduct signed by x x x respondent pertaining to his loans in the PLDT Multi-Purpose [Cooperative], Inc. (Telescoop), this Court cannot, on face value, conclude from said documents that x x x respondent has given his consent to deduct his loans from his redundancy pay. At most, said Authority to Deduct pertain[s] only to his loan obtained from Telescoop, but even so, the amount stated therein does not even match the amount deducted from his redundancy pay.<sup>[10]</sup> (Citation omitted)

The CA further stated that the petitioners are not without any recourse to recover from the respondent the unauthorized payment they have made in his behalf. It has a right to recover from the respondent the sum so paid out, at least to the extent in which the payment may have been beneficial to the respondent.

Aggrieved by the foregoing disquisition, the petitioners moved for reconsideration but it was denied by the appellate court; hence, the present petition for review on *certiorari*.

### **The Issue**

As presented, the issue for resolution hinges on whether or not the petitioners can validly deduct the respondent's outstanding loan obligation from his redundancy pay.

### **Ruling of the Court**

The petition is bereft of merit.

At the outset, the issues in this case are factual. "Under Rule 45 of the Rules of Court, only questions of law may be raised in this Court; such factual issues may be considered and resolved only when the findings of facts and the conclusions of the [LA] are inconsistent with those of the NLRC and the CA."<sup>[11]</sup> It is apparent from the arguments of the petitioners that they are calling for the Court to re-evaluate the evidence presented by the parties. "Once the issue invites a review of the evidence, the question posed is one of fact."<sup>[12]</sup> The petitioners are, therefore, raising questions of facts beyond the ambit of the Court's review.

Nevertheless, this Court has thoroughly reviewed the records in this case and found that the NLRC did not commit any grave abuse of its discretion amounting to lack or excess of jurisdiction in rendering its decision in favor of the respondent. The CA acted in accord with the evidence on record and case law when it dismissed the petition and affirmed the assailed decision and resolution of the NLRC.

In the main, this Court is in consonance with the CA that the instant case is not about jurisdiction to determine the validity of the set-off but more of the petitioner's authority to deduct from the redundancy pay of the respondent his outstanding loans obtained from different entities. It is whether the deductions done by the petitioners are authorized under existing laws or subject to a written authorization from the respondent.<sup>[13]</sup>