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SPECIAL SECOND DIVISION

[G.R. No. 140608, February 05, 2007]

PERMANENT SAVINGS AND LOAN BANK, PETITIONER, VS. MARIANO VELARDE, RESPONDENT.

R E S O L U T I O N

AUSTRIA-MARTINEZ, J.:

Respondent Mariano Velarde seeks a reconsideration of the Court's Decision dated September 23, 2004 where we set aside the decisions of the Regional Trial Court and the Court of Appeals (CA), and ordered respondent to pay petitioner the sum of P1,000.000.00 plus 25% interest and 24% penalty charge per annum beginning October 13, 1983 until fully paid, as well as attorney's fees.

In its Motion for Reconsideration, respondent insists that the circumstances of the case and the interest of substantial justice justify the suspension or the relaxing of the rules of procedure to allow the review of the instant petition.

We note that no substantial arguments have been raised by respondent. The pertinent issues have been thoroughly discussed by this Court in its September 23, 2004 Decision and April 6, 2005 Resolution. We ordered respondent to pay the loan he obtained from petitioner bank upon finding that respondent did not specifically deny the genuineness and due execution of the Promissory Note[1] which was presented as proof of the existence of said loan.

However, we find it proper and just to reconsider the amount of award. We have ordered respondent to pay the principal amount of P1,000.000.00 plus 25% interest and 24% penalty charge per annum computed from October 13, 1983 until fully paid, and 25% of the amount due as attorney's fees. Roughly computed, that will amount to more than 15 Million Pesos as of this time.

Equity dictates that we review the amount of the award, considering the excessive interest rate and the too onerous penalty, and, consequently, the resulting excessive attorney's fees. Moreover, it would be inequitable to penalize respondent with such huge interests and penalties considering the following circumstances: First, the basis of the Court's decision that respondent did not specifically deny in his Answer the genuineness and due execution of the promissory note is a procedural lapse on the part of respondent's counsel for which respondent should not be made to suffer beyond the bounds of reason. Second, respondent cannot be faulted for not settling the loan at an earlier time because both the trial court and the CA ruled that petitioner failed to prove the existence of the loan. And lastly, the final resolution of the case has dragged for several years because of the appeals interposed by herein petitioner, thus resulting in the escalation of the amount of the obligation to more than 15 times the amount of the principal loan. Such unreasonable consequence