

## FIFTH DIVISION

[ CA-G.R. CV. No. 91740, March 16, 2015 ]

**WILLIAM TAN TO, SR., PLAINTIFF-APPELLANT, VS. FRANK TIU  
UY DEFENDANT-APPELLANT,**

**NANCY UY, DEFENDANT-APPELLEE.**

### DECISION

**TIJAM, J.:**

Assailed in this appeal is the Decision of the Regional Trial Court of Manila, Branch 27, ordering Frank Tiu Uy, among others<sup>[1]</sup>, to pay the loan he obtained from William Tan To, Sr. amounting to P9.2 Million. The trial court relied heavily on the document denominated as *Acknowledgment of Debt and Obligation and Undertaking*<sup>[2]</sup>, which evidences the debt obtained by Frank Tiu Uy from William Tan To, Sr. The said document provides:

"That I Frank Tiu Uy , married, of legal age with postal address at 14 Oreta Street, Subdivision Valenzuela City, hereby acknowledge that I will pay Mr. William Tan To Sr. the amount of P4,000,000.00 on November 29, 2004.

I further acknowledged (sic) to pay the additional amount of P5,200,000.00 on or before March 31, 2005. Breakdown as follows: with 3% interest rate based on the total principal amount of P8,000,000.00 for 5 months with the total interest amounting to P1,200,000.00 plus half of the principal amount of P4,000,000.00 starting November 1, 2004 to March 29, 2005.

In view thereof, I hereby confirm that I owe Mr. William Tan To, Sr. the total amount of P9,200,000.00 which I promise to pay on or before March 29, 2005.

As security for the said debt, I hereby assign and transfer to the said Mr. William Tan To, Sr. all my rights over the certificate of Title No. 276895 of the Register of Deeds of Quezon City, If I failed (sic) to pay him the complete total amount of P9,200,000.00 on or before March 29, 2005.

Done in the City of Manila, this 13<sup>th</sup> day of November 2004.

Frank Tiu Uy  
Debtor

Conforme:

## William Tan To, Sr.”

The same document were signed by Frank Tiu Uy and William Tan To, Sr. and notarized before a notary public.<sup>[3]</sup>

The trial court further considered the evidence consisting of a check<sup>[4]</sup> dated November 30, 2004 in the amount of P9.2 Million, which Frank Tiu Uy issued to William Tan To, Sr. as payment for the loan; but the check, when deposited on its due date, was dishonored by the drawee bank<sup>[5]</sup> due to “account closed”. Frank Tiu Uy replaced the check with the owner's duplicate of Transfer Certificate of Title<sup>[6]</sup> (TCT) No. 276895 of the Registry of Deeds of Quezon City, which purports to show that he owned a piece of land consisting of 9.7 hectares. But the TCT turned out to be of spurious origin.

Demands to pay were served upon Frank Tiu Uy but he continuously failed and refused to comply with his obligation under the subject document-- to the damage and prejudice of William Tan To, Sr. To enforce his right against Frank Tiu Uy, William Tan To, Sr. filed a complaint for sum of money with prayer for the issuance of writ of preliminary attachment.

For his part, Frank Tiu Uy merely denied the material allegations in William Tan To, Sr.'s complaint.

On the other hand, Frank Tiu Uy's wife and co-defendant, Nancy, refuted the charge against her stating that the loan obtained from William Tan To, Sr. is personal to Frank. She vehemently denied any participation in the transaction and alleged that the loan contracted did not redound to the benefit of the family. Nancy also alleged that she and Frank were living separately since 2002 because of Frank's addiction to gambling and that they filed with the RTC of Valenzuela City a petition for separation of their conjugal properties, which was granted on January 17, 2005. Nancy denied giving consent to and participating in the issuance of the dishonored check and in the delivery of spurious TCT to William Tan To, Sr.<sup>[7]</sup>

The trial court ruled that Frank Tiu Uy was civilly liable based on the subject document denominated as *Acknowledgment of Debt and Obligation and Undertaking*. Frank Tiu Uy received from William Tan To, Sr., on different dates, the amounts mentioned in the subject document and failed to pay them when they became due and demandable. Moreover, Frank Tiu Uy did not deny having signed the subject document and issued the dishonored check.

The trial court further held that the subject document contains admission against interest on the part of Frank Tiu Uy. As such, it must be understood simply as his personal undertaking; absolute and unconditional.<sup>[8]</sup> Frank Tiu Uy is liable to pay the whole amount with interest thereon at the legal rate from the date of filing of the case on May 18, 2005 until the same is fully paid and satisfied.<sup>[9]</sup>

The trial court particularly made mention of Nancy's non-participation in the transaction and non-liability therein. It held -

Art. 121, paragraph 3 of the Family Code is emphatic that the payment of personal debts contracted by the husband or wife before or during the

marriage shall not be charged to the Conjugal Partnership except to the extent that they redounded to the benefit of the family.

It is clear from the facts that Frank Tiu Uy's indebtedness never redounded to the benefit of the family. As shown in the records, Nancy was the personal owner of the two vehicles attached for the said indebtedness. The conjugal property of the spouses was already dissolved, hence, it was incorrect to make the wife's personal properties liable for Tiu Uy's personal debt."<sup>[10]</sup>

x x x

x x x

"WHEREFORE, PREMISES CONSIDERED, judgment is hereby rendered in favor of the plaintiff and against the defendant Frank Tiu Uy ordering the latter:

1. To pay plaintiff the sum of P9.2 Million with interest thereon at the legal rate from the filing of the case on May 18, 2005 until the same is fully paid and satisfied;
2. To pay exemplary damages in the amount of P150,000.00;
3. To pay attorney's fees in the amount of P200,000.00;
4. To pay the costs of the suit.

For lack of merit, the case as against defendant Nancy Yu Uy is hereby dismissed. Consequently, it is hereby ordered that the attachment made in the two (2) vehicles owned by the said defendant is hereby recalled and the same are ordered returned to her possession.

For lack of merit, defendant's counterclaims are dismissed.

SO ORDERED."<sup>[11]</sup>

The present appeal revolves around the dismissal of the case against Nancy and the holding that, it is Frank Tiu Uy alone, who shall be liable to pay William Tan To, Sr. the amount of the loan plus interest, damages, and cost of suit. Frank Tiu Uy hitherto alleged that —

"THE TRIAL COURT ERRED IN HOLDING THAT THE LOAN IS NOT CHARGEABLE AGAINST DEFENDANT FRANK TIU UY'S WIFE NANCY YU UY AND THE DEFENDANTS-SPOUSES' CONJUGAL PARTNERSHIP BASED ALONE ON THE DEFENDANTS-SPOUSES' MERE ALLEGATIONS, WHICH WERE NOT DULY PROVED, THAT THE LOAN DID NOT BENEFIT THE FAMILY."

THE TRIAL COURT ERRED IN HOLDING THAT THE LOAN CANNOT BE CHARGED AGAINST FRANK TIU UY'S WIFE NANCY UY YU AND THE CONJUGAL PARTNERSHIP, TAKING INTO ACCOUNT THE LEGAL PRESUMPTION THAT THE LOAN BENEFITED THE FAMILY WHICH WAS NOT OVERCOME BECAUSE THE DEFENDANTS-SPOUSES, ESPECIALLY NANCY

YU UY, DID NOT ADDUCE OR OFFER EVIDENCE TO OVERCOME THAT PRESUMPTION.”<sup>[12]</sup>

Frank Tiu Uy submits that the trial court correctly adjudged him liable under the *document* he signed acknowledging his debt and obligation and undertaking. However, he insists that Nancy and the conjugal partnership are equally liable for the loan considering that (a) the loan preceded the dissolution of the conjugal partnership; (b) Nancy failed to submit any proof supporting her allegation that the loan did not benefit the family; and, (c) the dissolution of the conjugal partnership is suspect; such recourse having resorted to in fraud of or to pre-empt their creditors.<sup>[13]</sup>

*The appeal is not meritorious.*

Our attention is drawn to the document signed by Frank Tiu Uy acknowledging his indebtedness to William Tan To, Sr. in the amount of P9.2 Million. Basically, the said document, signed by Frank Tiu Uy alone as debtor, does not bind Nancy, who is not shown to be a party to the loan or have given her consent thereto. Note that the *Acknowledgment of Debt and Obligation and Undertaking* is written in simple terms, viz:

x x x

x x x

In view thereof, I hereby confirm that I owe Mr. William Tan To, Sr. the total amount of P9,200,000.00 which I promise to pay on or before March 29, 2005.

x x x

x x x

The use of “I” in the foregoing statement implies exclusivity, that is, the obligation to pay is exclusive to Frank Tiu Uy, as debtor who executed and signed the undertaking. The absence of Nancy's signature in the document confirms her non-participation thereon and is consistent with her claim that she had no knowledge about the loan obtained by Frank Tiu Uy from William Tan To, Sr. as they were in fact been living separately at that time. In fact, Nancy's claim is confirmed by the following testimony of William Tan To, Sr.:

ATTY. CAINGAL:

Q: Mr. witness during your direct-examination you mentioned two series of transactions or two conferences with this transaction. I am referring to your – with that of Frank Uy.

The first conference was held at Ermita?

WILLIAM TAN TO SR.

A: Somewhere in Ermita.

Q: Specifically what place again?

A: Pan Pacific hotel.

Q: Are you referring to the first meeting?

A: Yes, Sir.