



Republic of the Philippines  
**Supreme Court**  
Manila

**FIRST DIVISION**

**FATIMA  
ASDALA,**

**B. GONZALES-**

*Petitioner,*

**G.R. No. 257982**

Present:

GESMUNDO, C.J.,  
*Chairperson,*  
HERNANDO,  
ZALAMEDA,  
ROSARIO, and  
MARQUEZ, JJ.

- versus -

**METROPOLITAN BANK and  
TRUST COMPANY,**

*Respondent.*

Promulgated:

**FEB 22 2023**

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**DECISION**

**HERNANDO, J.:**

This Petition for Review on *Certiorari*<sup>1</sup> seeks the reversal of the January 3, 2020 Decision<sup>2</sup> and the March 4, 2021 Resolution<sup>3</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 110479. The CA affirmed the August 2, 2017

<sup>1</sup> *Rollo*, pp. 11-57.

<sup>2</sup> *Id.* at 59-74. Penned by Associate Justice Gerlaldine C. Fiel-Macaraig and concurred in by Associate Justices Fernanda Lampas Peralta and Edwin D. Sorongon.

<sup>3</sup> *Id.* at 76-80.

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Decision<sup>4</sup> of the Regional Trial Court (RTC), Branch 80 of Quezon City, which dismissed the Complaint<sup>5</sup> of Fatima B. Gonzales-Asdala (petitioner) for Specific Performance, Injunction and Damages with Prayer for Temporary Restraining Order and Preliminary Injunction against respondent Metropolitan Bank and Trust Company (Metrobank).

### The Case

In June 2002, petitioner and her husband, Wynne B. Asdala, applied with Metrobank for a loan amounting to PHP 1,500,000.00 to finance the renovation of their house built on a parcel of land covered by Transfer Certificate of Title No. (TCT) 377659,<sup>6</sup> and registered in the name of "*Wynne B. Asdala, married to Fatima G. Asdala.*"

On July 22, 2002, petitioner and her husband executed three sets of Promissory Notes<sup>7</sup> in favor of Metrobank, corresponding to the release of the proceeds of their loan in three tranches. All the Promissory Notes contained the same terms and conditions, specifically providing for the procurement of a Mortgage Redemption Insurance (MRI) by the mortgagor, in case Metrobank would so require. As security therefor, petitioner and her husband were required to constitute a Real Estate Mortgage<sup>8</sup> on the subject land.

On November 26, 2002, Metrobank sent petitioner and her husband a letter,<sup>9</sup> thanking them for their transaction and informing them that the first annual MRI premium, amounting to PHP 6,884.10, had to be paid on July 24, 2003.

In the years that followed, petitioner alleged that she and her husband were periodically billed for MRI premiums, but no receipts were issued, and neither was a policy released in their favor. The only proof of payment of the MRI premiums was a debit memo<sup>10</sup> issued by Metrobank to petitioner's husband.<sup>11</sup>

On March 24, 2008, petitioner's husband, Wynne, died.<sup>12</sup> Petitioner notified Metrobank of his death and requested for the immediate discharge of the mortgage on account of the fact that the MRI premiums were paid by her husband during his lifetime.<sup>13</sup>

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<sup>4</sup> Id. at 210-218. Penned by Judge Charito B. Gonzales.

<sup>5</sup> Id. at 82-92.

<sup>6</sup> Id. at 198-199.

<sup>7</sup> Records, Volume I, pp. 32-38.

<sup>8</sup> Id. at 41-44.

<sup>9</sup> Id. at 31.

<sup>10</sup> *Rollo*, p. 60. Records, Volume I, p. 60.

<sup>11</sup> *Rollo*, p. 60.

<sup>12</sup> Records, p. 66.

<sup>13</sup> Id. at 67.

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However, Metrobank denied the request and averred that the documents for the procurement of the MRI were signed by petitioner only, thus, was issued only in her name. Metrobank also showed that the payment of the insurance premiums was sourced from the savings account under the name of petitioner alone.<sup>14</sup>

On July 1, 2008, petitioner received a letter<sup>15</sup> with an attached Statement of Account, demanding payment for two months unpaid amortization in the amount of PHP 41,315.14, inclusive of penalty charges.

Petitioner then filed a Complaint for Specific Performance, Injunction and Damages with Prayer for Temporary Restraining Order and Preliminary Injunction<sup>16</sup> against Metrobank claiming, in essence, that the proceeds of the MRI should be applied to the loan since her husband's death activated the insurer's commitment, and that the property offered as security for the loan was her husband's exclusive property, thus, he alone was the mortgagor in the Real Estate Mortgage and consequently, the insured under the MRI.

In its Answer,<sup>17</sup> Metrobank admitted the material averments regarding the loan application. However, it maintained that the MRI was applied for and taken on the life of petitioner. Therefore, the death of petitioner's husband did not operate to extinguish the loan or the mortgage.

### **Ruling of the Regional Trial Court**

The RTC dismissed petitioner's Complaint and ruled in favor of Metrobank, holding that the property is presumed conjugal, and that such presumption may only be rebutted by strong, clear, categorical, and convincing evidence which petitioner supposedly failed to establish. Furthermore, the RTC ruled that even assuming that the lot was the exclusive property of petitioner's husband, petitioner effectively became a co-mortgagor when she signed the deed of mortgage. Thus, as co-mortgagor, petitioner could secure an MRI on her life alone even without a similar action by her co-mortgagor husband.<sup>18</sup>

The RTC held that the death of petitioner's husband did not activate the insurer's commitment under the MRI to apply its proceeds to the full payment of the loan. Consequently, it declared that the loan subsists along with the real estate mortgage securing it, and that Metrobank was within its right to deduct

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<sup>14</sup> *Rollo*, p. 61.

<sup>15</sup> Records, Volume I, pp. 72-73.

<sup>16</sup> *Rollo*, pp. 82-92.

<sup>17</sup> *Id.* at 62.

<sup>18</sup> *Id.* at 212-216.

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the two-months' worth of loan amortization from petitioner's savings account with the bank.<sup>19</sup> Thus, the dispositive portion of the Decision reads:

WHEREFORE, premises considered, the instant case is hereby DISMISSED.

As a result thereof, the writ of preliminary injunction issued in this case is deemed LIFTED.

Defendant's counterclaim is hereby DISMISSED for lack of merit.

No pronouncement as to costs.

SO ORDERED.<sup>20</sup>

### **Ruling of the Court of Appeals**

In its Decision,<sup>21</sup> the CA found no legal or factual basis to reverse or modify the judgment of the RTC. Thus, the CA disposed:

PREMISES CONSIDERED, the assailed Decision dated 02 August 2017 of the Regional Trial Court of Quezon City, Branch 80, in Civil Case No. Q-08-62989 for *Specific Performance, Injunction and Damages*, is hereby AFFIRMED.

SO ORDERED.<sup>22</sup>

### **Issues**

Petitioner raises the following issues in her Petition for Review on *Certiorari*.<sup>23</sup>

I. THE PROMISSORY NOTES CONTEMPLATED NOT ONLY THE PROCUREMENT BY PETITIONER AND HER HUSBAND OF A PROPERTY INSURANCE AND A MORTGAGE REDEMPTION INSURANCE TO BE HELD BY METROBANK AS SECURITIES, BUT ALSO A LIFE INSURANCE ON PETITIONER'S LIFE TO SUPPORT THEIR LOAN OBLIGATION.

II. THE LOWER COURT AND THE COURT OF APPEALS DENIED PETITIONER HER RIGHT TO DUE PROCESS.

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<sup>19</sup> Id at 216-218.

<sup>20</sup> Id. at 218.

<sup>21</sup> Id. at 59-74.

<sup>22</sup> Id. at 73.

<sup>23</sup> Id. at 11-57.

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III. THE COURT OF APPEALS ERRED IN ITS FAILURE TO CONSIDER THE ISSUE OF ESTOPPEL AGAINST METROBANK WHO REPEATEDLY AND UNEQUIVOCALLY DECLARED WYNNE THE REGISTERED OWNER OF THE SUBJECT PROPERTY, AND TO BE THE SOLE PERSON COVERED BY THE MORTGAGE REDEMPTION INSURANCE.

IV. THE COURT OF APPEALS GRAVELY ERRED WHEN IT TRIFLED WITH THE WELL-ESTABLISHED DOCTRINES LAID DOWN IN FRANCISCO V. COURT OF APPEALS, AND IN JORGE V. MARCELO, WHICH RULED THE PERSON INVOKING THE PRESUMPTION UNDER ART. 116 OF THE FAMILY CODE. THE PRESUMPTION THAT ALL PROPERTIES ACQUIRED DURING A MARRIAGE IS CONJUGAL IN NATURE CAN ONLY BE APPLIED AFTER PROOF HAS BEEN ADDUCED BY THE PERSON CLAIMING SUCH PRESUMPTION. PRIOR AND CONTEMPORANEOUS ACTIONS BY A [sic] METROBANK, ACKNOWLEDGING THE SUBJECT PROPERTY TO BE PARAPHERNAL, NEGATES AND BARS IT FROM INVOKING THE PRESUMPTION.<sup>24</sup>

### Our Ruling

The Petition for Review on *Certiorari* is unmeritorious.

The issues can be summarized into two core issues, which are:

- (1) Whether the parcel of land subject of the real estate mortgage is conjugal; and
- (2) Whether petitioner's husband was the insured under the subject MRI.

### **The parcel of land subject of the real estate mortgage is conjugal**

It is a basic rule that a petition for review should only cover questions of law.<sup>25</sup> Questions of fact are not reviewable except in extremely meritorious circumstances.<sup>26</sup> None exists in this case.

Whether the subject property was acquired during the marriage of petitioner and Wynne is a factual issue. Both the trial and appellate courts

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<sup>24</sup> Id. at 31, citing *Francisco v. Court of Appeals*, 359 Phil. 519 (1998) and *Jorge v. Marcelo*, 849 Phil. 707 (2019).

<sup>25</sup> RULES OF COURT, RULE 45, SECTION 1.

<sup>26</sup> *Villanueva v. Court of Appeals*, 471 Phil. 394, 408 (2004), citing *Ramos v. Pepsi-Cola Bottling Co.*, 125 Phil. 701, 704 (1967).

agreed that the subject property was in fact acquired during their marriage, as evidenced by the face of the TCT, which showed that the same was issued in 1988, seven years after petitioner and Wynne's marriage in 1981.<sup>27</sup> No other evidence was presented by petitioner to prove the date when the subject property was acquired.<sup>28</sup> Furthermore, both the RTC and the CA ruled in accordance with the provisions of the Civil Code of the Philippines, the governing code at the time of their marriage in 1981. The CA, in its Decision, correctly held that:

Article 105 of the Family Code explicitly mandates that the Family Code shall apply to conjugal partnerships established before the said law took effect without prejudice to vested rights already acquired under the Civil Code or other laws. Consequently, under the regime of conjugal partnership of gains, if the properties are acquired during the marriage, the presumption is that they are conjugal; the party claiming that they are not conjugal has the burden of proving his claim. This is counter-balanced by the requirement that the properties must first be proven to have been acquired during the marriage before they are presumed conjugal.<sup>29</sup>

The Court denies petitioner's claim that since Metrobank failed to adduce evidence that the subject property was acquired during the marriage, the property is thus paraphernal, not conjugal. It was only TCT 377659, issued in March 1988, which petitioner presented as proof of the ownership over the property. Therefore, it was only this document which Metrobank, and subsequently, the lower courts, relied upon to prove the fact that the property was acquired during the marriage. As clearly stated by the RTC:

[A]lthough Plaintiff claims that the piece of land mortgaged was the exclusive property of her husband at the time of the mortgage, the former did not present independent evidence thereof aside from the TCT over said property. While Plaintiff alluded during trial to some deed of sale evidencing decedent's acquisition, she failed to present the same. x x x<sup>30</sup>

Thus, absent any other proof of the exact date of acquisition of the subject property, this Court stands by its basic tenet that a property acquired during the marriage is presumed conjugal. Petitioner's reliance on *Francisco v. Court of Appeals*<sup>31</sup> (*Francisco*) and *Jorge v. Marcelo*<sup>32</sup> is misplaced because the Court

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<sup>27</sup> *Rollo*, pp. 70, 213.

<sup>28</sup> *Id.* at 70.

<sup>29</sup> *Id.* at 69-70.

<sup>30</sup> *Id.* at 213.

<sup>31</sup> 359 Phil. 519 (1998).

<sup>32</sup> 849 Phil. 707 (2019).

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itself pronounced in *Francisco* that the presumption of conjugality is rebuttable, but only with strong, clear and convincing evidence.<sup>33</sup>

Since petitioner failed to present strict proof of her husband's exclusive ownership over the property, Metrobank, the lower courts, and this Court, cannot be faulted for relying on the TCT, the sole document presented by petitioner. After all, the question of whether petitioner was able to adduce proof to overthrow the presumption of conjugality is a factual issue best addressed by the trial court. It cannot be over-emphasized that factual determinations of the trial courts, especially when confirmed by the appellate court, are accorded great weight by the Court and, as a rule, will not be disturbed on appeal, except for the most compelling reasons.<sup>34</sup>

### **The insured under the MRI is petitioner**

Now, to the crux of the case. Considering that the property is conjugal in nature, it follows that both the petitioner and her husband were mortgagors for whose benefit an MRI may be made. Accordingly, the RTC and CA were correct too in finding that petitioner, as a co-mortgagor, could secure an MRI on her life alone without a similar action by her husband, her co-mortgagor, to wit:

It may not be amiss to state that *Section 3 of The Insurance Code* provides that the consent of the spouse is not necessary for the validity of an insurance policy taken out by a married person on his or her life.

**The court *a quo* likewise correctly found that the documents for the procurement of the MRI were signed by the plaintiff-appellant herself, and the *Certificate of Group Life Insurance* was issued only in her name. These documents sufficiently establish that the plaintiff-appellant is the only named insured under the MRI. Furthermore, Metrobank has shown, and it is not disputed, that the payment of the insurance premium was sourced from the savings account under the name of plaintiff-appellant alone.**

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Plaintiff-appellant's bare allegations pale in comparison to the evidence presented by Metrobank. **Metrobank was able to convincingly prove that it was plaintiff-appellant alone who applied for insurance in connection with the housing loan.** Thus, the court *a quo* correctly held that the proceeds under the MRI cannot be applied to the loan upon the death of Wynne Asdala because he was not the borrower insured under the MRI.<sup>35</sup> (Emphasis supplied)

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<sup>33</sup> Supra at 526.

<sup>34</sup> *Ko v. Aramburo*, 816 Phil. 121, 134 (2017).

<sup>35</sup> *Rollo*, pp. 71-73.

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An MRI, or a group insurance policy of mortgagors, is a device for the protection of both the mortgagee and the mortgagor. Both the mortgagor and mortgagee are protected:

On the part of the mortgagee, it has to enter into such form of contract so that in the event of the unexpected demise of the mortgagor during the subsistence of the mortgage contract, the proceeds from such insurance will be applied to the payment of the mortgage debt, thereby relieving the heirs of the mortgagor from paying the obligation. In a similar vein, ample protection is given to the mortgagor under such a concept so that in the event of death, the mortgage obligation will be extinguished by the application of the insurance proceeds to the mortgage indebtedness. **Consequently, where the mortgagor pays the insurance premium under the group insurance policy, making the loss payable to the mortgagee, the insurance is on the mortgagor's interest, and the mortgagor continues to be a party to the contract.** In this type of policy insurance, the mortgagee is simply an appointee of the insurance fund, such loss-payable clause does not make the mortgagee a party to the contract.

Section 8 of the Insurance Code provides:

Unless the policy provides, **where a mortgagor of property effects insurance in his own name providing that the loss shall be payable to the mortgagee, or assigns a policy of insurance to a mortgagee, the insurance is deemed to be upon the interest of the mortgagor, who does not cease to be a party to the original contract,** and any act of his, prior to the loss, which would otherwise avoid the insurance, will have the same effect, although the property is in the hands of the mortgagee, but any act which, under the contract of insurance, is to be performed by the mortgagor, may be performed by the mortgagee therein named, with the same effect as if it had been performed by the mortgagor.<sup>36</sup>  
(Emphasis supplied)

Being the sole mortgagor in the MRI, only the petitioner is a party to the contract. Thus, the death of petitioner's husband did not cede to Metrobank the rights or interests in the insurance contract for the reason that petitioner's husband was not a party to the contract. The CA correctly held that the proceeds under the MRI cannot be applied to the loan upon the death of petitioner's husband because he was not the borrower insured under the MRI.

Finally, and to address the first issue, petitioner cannot also claim that the promissory notes contemplated another insurance on her life in addition to and separate from the MRI. Paragraphs 4 and 8 of the promissory notes, which read:

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<sup>36</sup> *Great Pacific Life Assurance Corp. v. Court of Appeals*, 375 Phil. 142, 148-149 (1999). Citations omitted.



[Paragraph 4 –]

I/We jointly and severally authorize METROBANK to debit any and all of my/our deposits or other accounts and apply such sums to whatever installments/amounts that may be due or will become due hereunder including, but not limited to, **premiums for life and non-life insurance** held as securities

or support to my/our obligation and any interest rate adjustment imposed by METROBANK.

X X X X

[Paragraph 78 –]

When so required by METROBANK, I/We hereby undertake to procure both **property insurance and Mortgage Redemption Insurance or other similar insurance** on the security given for the loan. I/We likewise authorize Metrobank, at its option, to obtain such insurance from its duly accredited insurance companies. I/We hereby agree and bind myself/ourselves to pay the premium corresponding to the insurance so obtained.<sup>37</sup> (Emphases supplied)

are separate paragraphs, but are correlated. Paragraph 4 is known as an auto-debit clause, prescribing an auto-debit scheme as the mode of paying the loan, including the premiums for the insurance held as security for the loan. On the other hand, paragraph 8 is the security clause which specifies what type of insurance is acceptable to the bank. Differences in the wordings of the two paragraphs do not connote different types of insurance. The records clearly show too that petitioner only took out an MRI, the Philippine Axa Group Life Insurance, and no other life insurance.

In the end, petitioner cannot now feign ignorance as to the real nature and type of insurance contract, considering that she made herself a party thereto by signing the same. Without sufficient evidence to support her claim, her cause must fail.

The Court, thus, finds no legal or factual basis to reverse or modify the judgment of the CA.

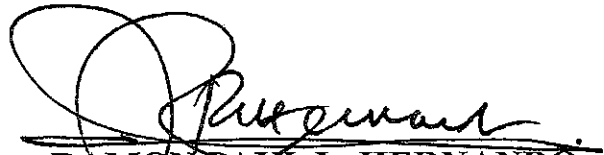
**WHEREFORE**, the Petition for Review on *Certiorari* is **DENIED**. The assailed January 3, 2020 Decision and the March 4, 2021 Resolution of the Court of Appeals in CA-G.R. CV No. 110479 are **AFFIRMED**.

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<sup>37</sup> Records, Vol. 1, p. 36.

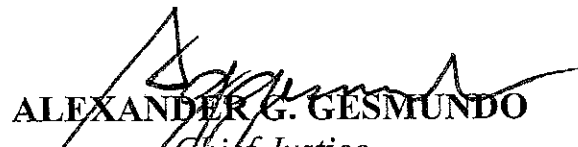
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**SO ORDERED.**




**RAMON PAUL L. HERNANDO**  
*Associate Justice*

WE CONCUR:




**ALEXANDER G. GESMUNDO**  
*Chief Justice*  
*Chairperson*



**RODIL N. ZALAMEDA**  
*Associate Justice*



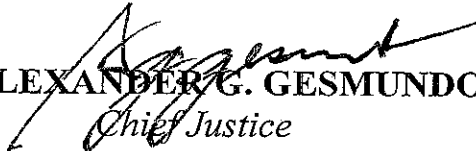
**RICARDO R. ROSARIO**  
*Associate Justice*



**JOSE MIDAS P. MARQUEZ**  
*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.

  
ALEXANDER G. GESMUNDO  
*Chief Justice*