Republic of the Philippines
Department of Finance
Securities and Exchange Commission
COMMISSION EN BANC

IN THE MATTER OF: U-PESO.PH LENDING CORPORATION DOING BUSINESS UNDER THE NAME/S AND STYLE/S OF UPESO, PERA4U, PERALENDING, AND LOANMOTO (SEC REG NO. CS201814908 AND CERTIFICATE OF AUTHORITY NO. 2718

SEC En Banc Case No. 03-25-567
(FinLend Case No. 2024-12)
For: Revocation of Certificate of Incorporation and Certificate of Authority to Operate Lending Company for Violation of SEC Memorandum Circular No. 18, Series of 2019.

Promulgated: 16 September 2025

U-PESO.PH LENDING CORPORATION,
Respondent-Appellant.

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DECISION

Before the Commission *En Banc* (the "Commission") is the *Verified Appeal Memorandum* (the "Appeal") filed by U-Peso.Ph Lending Corporation praying for the issuance of an Order: *(i)* noting the instant Appeal; *(ii)* reversing and setting aside the *Order* dated 24 June 2024 (the "Assailed Order") and *Resolution* dated 19 February 2025 (the "Assailed Resolution") issued by the Financing and Lending Companies Department (FLCD) which revoked U-Peso.Ph Lending Corporation's Certificate of Incorporation and Certificate of Authority to Operate as Lending Company and Authority to Operate its Online Lending Platforms (the "Certificate of Authority");[1] and *(iii)* reinstating U-Peso.Ph Lending Corporation's Certificate of Incorporation and Certificate of Authority.[2]

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[1] *Order* dated 24 June 2024.
[2] *Appeal* Prayer.

The dispositive portion of the Assailed Order, in part, reads:

> **WHEREFORE,** in view of the foregoing, the Primary Registration (SEC REG. No. CS201814908) AND Certificate of Authority to Operate as a Lending Company (CA No. 2718) and Authority to Operate its Online Lending Platforms (i.e. UPESO, PERA4U, PERALENDING and LOANMOTO) of Respondent U-Peso.PH Lending Corporation are hereby REVOKED.

The dispositive portion of the Assailed Resolution which sustained the Assailed Order, reads:

> **WHEREFORE**, Movant U-Peso.PH Lending Corporation's Motion for Reconsideration is **DENIED**. The Order of the Financing and Lending Companies Department dated 24 June 2024 is hereby **AFFIRMED**.
>
> **SO ORDERED.**[3]

THE RELEVANT FACTS

U-Peso.Ph Lending Corporation, doing business under the names and styles UPeso, Pera4U, Peralending and Loanmoto (the "Corporation"), is a domestic corporation duly organized and existing under the Philippine laws having been issued a Certificate of Incorporation bearing Registration Number CS201814908. The Corporation is a grantee of a Certificate of Authority to Operate as a Lending Company with CA No. 2718. Its principal office is located at the 12th Floor, Aseana Three Building, Macapagal Boulevard corner Aseana Avenue 1701 Tambo, Paranaque City.[4]

The FLCD (then Financing and Lending Companies Division under the Corporate Governance and Finance Department) received multiple complaints from the purported borrowers of the Corporation on the latter's alleged violations of SEC Memorandum Circular No. 18, series of 2019 (MC No. 18), otherwise known as the *Prohibition on Unfair Debt Collection Practices of Financing Companies and Lending Companies*.

The complainants, and their respective allegations borne in their respective complaints (the "Complaints") which, according to the FLCD, warranted the imposition of the supreme penalty of revocation of its corporate franchise and Certificate of Authority are summarized as follows:

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[3] *Assailed Resolution* dated 19 February 2025.
[4] *Appeal*, par. 4; See also *Assailed Order*, p.1.

(1) Mr. Emmanuel Dela Cruz ("Emmanuel"), a borrower through Loanmoto VIP, alleged that he received various text messages from the Corporation which harassed and threatened his reputation and that of his family members;[5]

(2) Ms. Tamiko Conocono ("Tamiko"), a borrower through Pera4u/Peralend, alleged that on 17 March 2023, a person identified as Nanette Gabriel, who was supposed to assist her with a reloan, took the money instead. She further alleged that on 23 March 2023, Pera4u allegedly began sending her messages demanding repayment for the supposed reloan amount, with threats that her contacts would suffer if she failed to pay;[6]

(3) Ms. Rose Jane Martinez ("Rose Jane") alleged that she has been receiving messages from her friends and family regarding a loan that she did not obtain from any lending company. In her complaint, she attached an email of an agent of Pera Lending which threatened to publicly humiliate her if she will not pay;[7]

(4) Ms. Errolyn Santos Encontro ("Errolyn") alleged that the Corporation maliciously disclosed unsettled loans via email, exposing the names and email addresses of several customers; threatened to post personal information on social media; imposed high interest and other excessive fees on borrowers; threatened to disclose personal information through Upeso automated SMS notifications; engaged in unfair collection practices, harassment, and threats; and employed unprofessional collection agents who made harassing calls and sent threatening text messages; [8]

(5) Ms. Janice Ilada ("Janice") alleged that she obtained a loan from the Corporation and promised to pay on an agreed date, however the Corporation kept sending SMS messages calling her a thief and scammer;[9]

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[5] *Id.* par. 22.
[6] *Id.* par. 21.
[7] *Id.* par. 25.
[8] *Id.* par. 23.
[9] *Id.* par. 24.

(6) Ms. Michelle Mae Acop ("Michelle") alleged that the Corporation sent texts that harassed her, and threatened to inform other people of her loan;[10]

(7) Ms. Krisanta Tabernilla ("Krisanta") alleged that the Corporation threatened that hers, and other people's lives will be ruined should she fail to pay;[11] and

(8) Ms. Noelle Ivy Torcende ("Noelle Ivy") alleged that an employee/agent of the Corporation continuously harassed, humiliated and threatened to contact the persons in her phone contact list if she will not pay the interest amount that was being demanded of her.[12]

Acting on the foregoing Complaints, the FLCD issued the corresponding show cause letters[13] (the "Show Cause Letters") to the Corporation on different dates, directing the latter to show cause why it should not be held liable for violation of MC No. 18.[14] The Show Cause Letters were received by the Corporation on 28 March 2023, 04 April 2023, 11 April 2023, 17 April 2023 and 28 May 2023.

In response to the Show Cause Letters, the Corporation filed a letter-reply[15] where it denied the allegations of violation of MC No. 18 in the Complaints, and consistently advanced the following defenses. *First*, it neither sanctions nor tolerates any act which violates MC No. 18, particularly in dealing with clients and enforcing payments of loans obtained from it. In this regard, the Corporation claims that its collection specialists have the relevant training, and are duty-bound to observe company rules prohibiting unfair debt collection practices, under pain of termination. The Corporation also alleged that in its Service Agreement with its third-party service provider, Goldendragon Call Center Services (the "Collection Agent"), the latter agreed not to engage in unfair debt collection practices. *Second*, it denied ownership of the mobile numbers that were used relative to the messages that violated MC No. 18, alleging that the Corporation did not issue mobile phones or sim cards to its Collection Agent. The Corporation submitted in evidence copies of the approved system-generated payment reminders and demands to show

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[10] *Id.* par. 20.
[11] *Id.* par. 26.
[12] *Id.* par. 27.
[13] Dated 28 March 2023, 04 April 2023, 11 April 2023, 17 April 2023 and 28 May 2023.
[14] *Appeal.* Par. 28.
[15] See Answer/Comment dated 19 April 2023.

that the tenor of its official messages is different from that of the messages in the Complaints.[16]

On 12 April 2023, the FLCD conducted a conference which was attended by the Corporation's President, Ms. Germaine Hazel M. Bayugo, its counsel, Atty. Katrin Jessica Distor-Guinigundo of Calleja Law Office, and some of its collection officers, Mr. Romel Estanco and Mr. John Michael Navarro, who presented and explained the defenses of the Corporation.[17]

In compliance with the directive of the FLCD, the Corporation submitted its *Position Paper* on 20 May 2023, where it asserted that it neither sanctions nor tolerates any unfair debt collection practice by its own employees and its Collection Agents. The Corporation likewise denied ownership of the cellphone numbers and social media accounts mentioned in the Complaints.[18]

On 22 June 2023, a Cease and Desist Order (CDO) was issued by the FLCD, directing the Corporation to cease and desist from engaging in unfair debt collection practices. The CDO was made permanent by this Commission in its Resolution dated 21 November 2023, consequent to the denial of the Corporation's Motion to Lift Cease and Desist Order.[19]

After the conduct of proceedings, the FLCD issued the *Assailed Order*[20] revoking the Corporation's Certificate of Incorporation and Certificate of Authority (hereinafter collectively referred to as the "Certificates") on the basis of its multiple violations of MC No. 18. The FLCD held that the number, nature, and gravity of the Corporation's violations warrant the imposition of the supreme penalty of revocation.[21]

On 02 September 2024, the Corporation filed a *Motion for Reconsideration* (the "Motion") which the FLCD denied in the *Assailed Resolution* on the basis of a finding that the Corporation failed to overcome the fact which the Complaints established relating to its multiple violations of MC No. 18.

Hence, the instant *Appeal*.

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[16] Order dated 19 February 2025. pages 2 and 6.
[17] *Appeal*. par. 29. See also *Order* dated 19 February 2025. pages 5 and 6.
[18] *Ibid.* pars. 31 and 32.
[19] *Ibid.* pars 33 and 34.
[20] Dated 24 June 2024.
[21] *Order*. Page 13.

The Corporation maintains that the Assailed Order and the Assailed Resolution should be set aside as they were issued in violation of its right to due process resulting from the FLCD's (a) failure to issue a Formal Charge, and to comply with the procedure required and prescribed under the 2016 Rules of Procedure of the Securities and Exchange Commission (the "2016 Rules");[22] (b) its erroneous application of the Rules of Court;[23] and (c) its arbitrary application of SEC Resolution No. 781A, Series of 2019 (the "Resolution No. 781A").[24] Relatedly, the Corporation argued that the Cease and Desist Order issued by the FLCD on 22 June 2023 did not operate to commence an administrative action against it as the 2016 Rules provide that only the Commission *En Banc* can issue a CDO.[25]

The Corporation also maintained that the absence of merit and basis in the findings of the Assailed Order and the Assailed Resolution warrant their reversal. The Corporation argued that the unsworn/unverified statements[26] of the complainants, and the improperly identified screenshots of the messages which were not authenticated in accordance with the Rules on Electronic Evidence[27] are insufficient to prove that it committed multiple violations of MC No. 18.

Finally, the Corporation posited that the penalty of revocation of its Licenses is too harsh considering that even on the assumption that it actually violated MC No. 18, such is considered as a first offense which is penalized only by a fine.[28]

On 28 March 2025, FLCD filed its *Comment/Opposition (to the Appeal Memorandum)*, therein praying for the dismissal of the Appeal for lack of merit. The FLCD maintained that the Corporation was not denied of due process considering that it gave due course to, and passed upon its Motion despite having been filed beyond the reglementary period.[29] The FLCD further argued that the absence of a formal charge issued to the Corporation pursuant to Section 3-1, Rule III, Part II of the 2016 Rules[30] was justified and/or sanctioned by Resolution No. 781A which

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[22] *Appeal.* pars. 90 to 96; pars. 102-105; pars. 139 to 140.
[23] *Ibid.* pars. 113-124.
[24] *Ibid.* pars. 74 to 85.
[25] *Ibid.* pars. 97-98.
[26] *Ibid.* pars. 58.
[27] *Ibid*, pars. 59, 60, 61, 64, 66, 67; pars 128-133.
[28] *Id.* pars. 69 to 73.
[29] *Comment/Opposition.* page 2.
[30] SEC.3-1. Commencement of Administrative Action. – Administrative action filed under these Rules shall be commenced (i) upon the issuance of a Formal Charge by the Operating Department that has authority to act over the subject matter, or (ii) upon the issuance of an ex-parte cease and desist order by the Commission En banc.

suspended the application of the provisions of the 2016 Rules in administrative proceedings involving lending companies.[31] Since the Corporation was informed of the charges against it and was given the opportunity to present its side when it was issued Show Cause Letters, as well as during the conference conducted on 12 April 2023, it cannot claim to have been denied of due process.[32]

Finally, the FLCD reiterated its findings and position in the Assailed Order that the seriousness and gravity of the Corporation's multiple violations of MC No. 18 warrant the revocation of its Certificates, applying Section 5 thereof.[33]

ISSUES

A. Whether the Corporation was denied of due process.

B. Whether the FLCD committed reversible error in finding that the Corporation committed multiple violations of MC No. 18.

C. Whether the FLCD committed reversible error in imposing the supreme penalty of revocation of the Corporation's Certificate of Incorporation and Certificate of Authority.

RULING

A. The Corporation was not denied of due process.

In its Appeal, the Corporation posited that no administrative action was validly instituted against it since the FLCD did not issue a Formal Charge containing the specific charges, statement of material facts and the evidence, which is required under the 2016 Rules.[34] According to the Corporation, the proceedings which resulted in the revocation of its Certificates violated its right to due process since the same were based only on the Show Cause Letters which were not compliant with the requirements of the 2016 Rules.[35] In this regard, the Corporation maintains that the FLCD's reliance on the Commission's earlier decisions in applying Resolution No. 718A has no legal basis, arguing that only decisions of the Supreme Court are considered binding precedents.[36]

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[31] *Ibid.* pages 3 to 4.
[32] *Ibid.*
[33] *Ibid.* pages 4 to 5.
[34] *Appeal.* pars. 91, 92, and 93.
[35] *Ibid.* pars. 96, 101, 107.
[36] *Ibid.* pars. 75, 77 and 78.

The FLCD countered with the assertion that the Corporation was not denied of due process since the Corporation was informed of the charges against it; was heard in the proceedings that were conducted; and even gave due course and passed upon the merits of its Motion notwithstanding the fact that the same was filed beyond the reglementary period. The FLCD reiterated its position that its suspension of the application of relevant provisions of the Rules pursuant to Resolution 718A, series of 2019 was valid.

We find the Corporation's arguments on the strict implementation of the 2016 Rules to be misplaced and bereft of merit.

The instant case is administrative in nature, governed by the rules on administrative proceedings, where the technical rules of procedure and evidence are not strictly applied,[37] and the quantum of proof required to sustain a finding is merely substantial evidence, or that amount of relevant evidence a reasonable mind might accept as adequate to support a conclusion.[38] In adopting the principle of liberality, the 2016 Rules specified the objective that it seeks to accomplish, to wit:

> These rules shall be liberally construed and administered **to promote public interest, to secure a just, prompt, expeditious, and inexpensive determination of every action and proceeding before the Commission and to carry out the objectives of the laws** it is mandated to implement.[39] (Emphasis supplied)

The afore-quoted provision is supplemented by the express grant to the Commission of authority to suspend the application of the 2016 Rules to ensure prompt and effective implementation of the laws administered by it, thus:

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[37] "Further, **administrative bodies are not bound by the technical niceties of law and procedure and the rules obtaining in courts of law**. Administrative tribunals exercising quasi-judicial powers are unfettered by the rigidity of certain procedural requirements, subject to the observance of fundamental and essential requirements of due process in justiciable cases presented before them. **In administrative proceedings, technical rules of procedure and evidence are not strictly applied** and administrative due process cannot be fully equated with due process in its strict judicial sense." (*Samalio v. Court of Appeals*. G.R. No. 140079, 31 March, 2005 [per J. Corona, *En Banc*]).

[38] "Administrative proceedings are governed by the "substantial evidence rule." A finding of guilt in an administrative case would have to be sustained for as long as it is supported by substantial evidence that the respondent has committed the acts stated in the complaint or formal charge. As defined, substantial evidence is such relevant evidence as a reasonable mind may accept as adequate to support a conclusion. This is different from the quantum of proof required in criminal proceedings which necessitates a finding of guilt of the accused beyond reasonable doubt. The Ombudsman, in ordering the withdrawal of the criminal complaints against respondent was simply saying that there is no evidence sufficient to establish her guilt beyond reasonable doubt which is a condition *sine qua non* for conviction. Ergo, the dismissal of the criminal case will not foreclose administrative action against respondent." (*Velazques v. Hernandez*. G.R. No. 150732, 32 August, 2004 [Per J. Tinga, *En Banc*])

[39] Sec. 1-4 Rule I, Part I of the 2016 SEC Rules of Procedure.

> **In the broad interest of justice and in order to best serve public interest, the Commission may**, in any particular manner, **exempt it from these Rules in exceptional cases and apply such suitable, fair and reasonable procedure** to improve the delivery pf public service and **to assist the parties in obtaining a speedy and judicious disposition of cases.**[40] (Emphasis supplied)

Considering the rampant abuses which lending companies, especially those that are operating online lending platforms, have made and continuously make in effecting collection of loans, the Commission issued Resolution No. 718A[41] suspending the application of the 2016 Rules, to promptly and effectively address such complaints. This is a power that is expressly granted under the afore-quoted provision. Perforce, Resolution No. 718A continues to be valid and effective until recalled by this Commission or nullified by a court of competent jurisdiction.

On the issue of the validity of the implementation of Resolution No. 718A by the FLCD, We find that the Corporation's position on the same is devoid of merit considering the express provision of the Securities Regulation Code granting the Commission the power and authority to delegate any of its functions, except its appellate authority and its power to adopt, alter and supplement a rule or regulation, to any department for purposes of efficiency.[42] Thus, when the FLCD implemented Resolution No. 718A, it was not doing so on the strength of a previous ruling of this Commission; instead, it was performing a power that was validly delegated to it by this Commission.

Relatedly, We do not agree with the Corporation that the conduct of the proceedings *a quo* which were commenced through the Show Cause Letters, instead of a Formal Charge, denied it of due process. With the suspension of the application of the 2016 Rules pursuant to Resolution No. 718A, the Show Cause Letters which contained the

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[40] Section 5-1, Rule I, Part I of the 2016 Rules.

[41] "RESOLVED, That in the broader interest of justice, and in order to best serve public interest, **TO SUSPEND the implementation of the 2016 Rules of Procedure** of the Securities and Exchange Commission **in accordance with Part I, Rule I, Section 1.5 thereof, in connection with the administrative actions of the Corporate Governance and Finance Department against financing companies and lending companies that are subject of several complaints from the public**, and those that are violating the Lending Company Regulation Act of 2007 (R.A. 9474) and its Implementing Rules and Regulations; the Financing Company Act of 1998 (R.A. 8556) and its Implementing Rules and Regulations; the Truth in Lending Act (R.A. 3765); SEC MC 18; reportorial and other compliance requirements, and all other rules and regulations implemented by the Commission, **such issue being of exceptional character and of public interest.**" (Emphasis supplied)

[42] Section 4.6 of the SRC provides: "**The Commission may, for purposes of efficiency, delegate any of its functions to any department** or office of the Commission, an individual Commissioner or staff member of the Commission except its review or appellate authority and its power to adopt, alter and supplement any rule or regulation." (Emphasis supplied)

specific charges, the names of, and information about the complainants, the allegations and the evidence in support thereof, among others, sufficed for purposes of validly commencing and conducting an administrative action against the Corporation.

The rule established in jurisprudence is that administrative due process is satisfied where the notice requirement and the opportunity to be heard, either through oral arguments or pleadings, are complied with, and respondent is given the opportunity to explain his/her side or the opportunity to seek a reconsideration of the action/ruling that is being assailed, to wit:

> **The observance of fairness in the conduct of any investigation is at the very heart of procedural due process. The essence of due process is to be heard, and, as applied to administrative proceedings, this means a fair and reasonable opportunity to explain one's side, or an opportunity to seek a reconsideration of the action or ruling complained of.** Administrative due process cannot be fully equated with due process in its strict judicial sense, for in the former a formal or trial-type hearing is not always necessary, and technical rules of procedure are not strictly applied. Ledesma v. Court of Appeals elaborates on the well-established meaning of due process in administrative proceedings in this wise:
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> > x x x **Due process, as a constitutional precept, does not always and in all situations require a trial-type proceeding. Due process is satisfied when a person is notified of the charge against him and given an opportunity to explain or defend himself.**[43] (Emphasis supplied)

The records of the instant case show that the Corporation was notified of the charges against it through the Show Cause Letters, and was afforded every opportunity to refute the allegations in the Complaints filed with the FLCD, as evidenced by the pleadings filed by it, as well as its participation in the conference and proceedings conducted *a quo*. The records equally show that the Corporation filed a Motion which was given due course and passed upon by the FLCD notwithstanding its belated filing. These factual circumstances negate the claim of the Corporation that it was denied of due process.

B. The FLCD was correct in finding that the Corporation committed multiple violations of MC No. 18

[43] *Vivo v. Philippine Amusement and Gaming Corporation*, G.R. No. 187854, 12 November 2013 [Per J. Bersamin, *En Banc*]).

The FLCD found the text messages sent by the Collection Agent(s) of the Corporation to the complainants as constituting a violation of Section 1 of MC No. 18, specifically since they used threats, obscenities, insults and profane languages and, in some instances, disclosed the loan information of the complainants to other persons.

The Corporation countered with the argument that the FLCD's findings are not supported by substantial evidence, and should be reversed and set aside by the Commission. While the Corporation expressly admitted that the complainants are indeed its borrowers,[44] it argued that they were not able to establish its violation of MC No. 18 since they all failed to show that the mobile numbers which contained the prohibited messages were registered under its name;[45] and granting that such messages originated from its Collection Agent, the Corporation should not be held accountable since it has made clear to the former its policy against unfair and abusive collection practices.[46]

Section 1 of MC No. 18 provides for the acts that constitute unfair collection practices. The specific acts which are relevant for purposes of the instant *Appeal* are quoted below, thus:

> Section 1. Unfair Collection Practices – FCs, LCs and TPSPs hired by them may resort to all reasonable and legally permissible means to collect amounts due to them under the loan agreement, provided that, in the exercise of the rights and performance of their duties, they must observe good faith and reasonable conduct and refrain from engaging in unscrupulous and untoward acts. Without limiting the general application of the foregoing, the following conduct shall constitute unfair collection practices, which shall be subject to the penalties provided therein:
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> (a) The **use or threat of violence** or other criminal means **to harm the physical person, reputation or property** of a person;
> (b) The **use of threats to take action that cannot legally be taken**;
> (c) The **use of obscenities, insults or profane language** the natural consequences of which is **to abuse the borrower** and/or which amount to a criminal act or offense under applicable laws;
> (d) **Disclosure or publication of the names and other personal information of borrowers who allegedly refuse to pay debts**, except as may allowed under section 2 hereof;
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> Xxx xxx xxx

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[44] *Appeal*. pars 6 to 13.
[45] *Appeal*. paragraph 14.
[46] *Ibid*. pars. 22, 25, 27, 28, 30, 31 and 36.

(f) Notwithstanding the borrower's consent, **contacting the persons in the borrower's contact list other than those who were named as guarantors or co-makers** shall also constitute unfair debt collection practice. (Emphasis supplied)

MC No. 18 was issued to implement R.A. No. 9474 (the "Lending Company Regulation Act of 2007"), by ensuring that lending companies operate on a sound, efficient and stable condition, thus allowing the public to derive optimum advantages from them as an additional source of credit; and that lending companies do not engage in practices that are prejudicial to public interest.[47] To enable lending and financing companies to continue being operationally sound and functional as an alternative source of credit, Section 1 of MC No. 18 fully recognizes their right to demand payment of a loan extended by them,[48] and to "*resort to all reasonable and legally permissible means to collect amounts due to them under the loan agreement.*"

Be that as it may, We have consistently emphasized that MC No. 18 is categorical in saying that the exercise of the right to collect a loan and/or enforce a demandable obligation should be made within the bounds of law, and with due regard to the privacy, dignity, and well-being of borrowers. It implements the statutory provision expressly prohibiting and punishing abusive collection or debt recovery practices.[49] The acts covered under Section 1 of MC No. 18 are considered by law and regulation as abominations in the lending industry as they are detrimental and injurious to the person and well-being of borrowers from whom they derive and sustain their businesses; and are thus meted with the appropriate administrative sanctions, without prejudice to the criminal liabilities provided under existing laws.

We have carefully examined and considered the messages of the Corporation and/or its Collection Agents, and We agree with the FLCD that they are all proscribed under MC No. 18. The following messages which are quoted verbatim support the findings of the FLCD on the

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[47] "SEC 2. Declaration of Policy. - **It is hereby declared the policy of the State to regulate the establishment of lending Companies and to place their operation on a sound, efficient and stable condition** to derive the optimum advantages from them as an additional source of credit, **to prevent and mitigate, as far as practicable, practices prejudicial to public interest**; and to lay down the minimum requirements and standards under which they may be established and do business." (Emphasis supplied)

[48] "Jurisprudence tells us that one who pleads payment has the burden of proving it; the burden rests on the defendant to prove payment, rather than on the plaintiff to prove non-payment. **Indeed, once the existence of an indebtedness is duly established by evidence, the burden of showing with legal certainty that the obligation has been discharged by payment rests on the debtor.**" (*Bognot v. RRI Lending Corporation*. G.R. No. 180144, 24 September 2014 [Per J. Brion, Second Division]).

[49] Section 8(d) in relation to Section 13, 15 and 16 of Republic Act No. 11765.

Corporation's multiple violations of MC No. 18, which this Commission is now affirming, to wit:

(a) Message to Emmanuel:

> **Pagpatuloy mo yang pagiging kupal mo! Na post ko na to pag mumukha mo sa Facebook! Isusunod ko nman to pamilya mo! Damay Damay na kayo! Magnanakaw kana ikaw pa matapang tignan natin san aabot yang kakapalan ng mukha mo**! Isusunod ka namin sa mga nawawala dahil sa panggago mo! Magbayad ka ngayon ng mga utang mo ngayon kung ayaw mong magaya sa mga yan at madamay pati pamilya mo! Balasubas![50] (Emphasis supplied)

(b) Messages to Tamiko:

> Since di ka sumasagot ng tawag at mga message namin **FB friends mo at contacts mo ang hihingan namin ng TULONG para sila mismo ang mag REMIND sayo tungkol sa UTANG mong di mo naman kayang bayaran**. Mahiya naman po kayo.
>
> Magandang araw, PERA4U Head Office, paalala na ang **lahat ng iyong contacts ay maaabala ngayong umaga** kung ang iyong account ay patuloy na ipagsasawalang bahala bago mag 12 ng tanghali. Salamat.
>
> Ate Mek, natanggap daw ni Ate Uding itong text na galing sa PERA4U ginawa mo ba syang reference?
>
> Good day,
>
> **Kami po sana ay nanghihingi ng tulong na mag pa abot ng mensahe sa aming client na si Tamiko Aguilar Conocono 9174384247**.[51] (Emphasis supplied)

(c) Messages to Rose Jane:

> As of this moment, wala pang repayment na pumapasok dito sa account mo. Ano hinihintay mo? Na ako pa gumawa ng paraan para mabayaran to? **Wag mo na paabutin sa Gamitin ko tong selfie mo dito para limos sa mga kakilala, kapit-bahay, kamag anak at kabaranggay mo**. Kailangan namin ngayon ng buong bayad nyo, hihintayin mo pa ba na makaranas ka ng public humiliation?[52] (Emphasis supplied)

(d) Messages to Errolyn:

> We regret to inform you that we are now filing Estafa against you, Sec. 85 Art. 315 as amended by Rep Act #4885, Presidential (sic) Degree No. 818. **It will be (sic) send to your company & Brgy. and will post your**

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[50] *Comment.* see Annex "A".
[51] *Ibid.* see Annex "B".
[52] *Ibid.* see Annex "C".

picture in every municipality to aware others. Settle your debt now to avoid such actions.[53] (Emphasis supplied)

(e) Messages to Janice:

SCAMMER ALERT! SCAMMER ALERT!

Name: Janice Hermeno Ilada
Number: 09753535194

Wanted: Magnanakaw!!!

Nais namin ipagbigay alam na itong taong 'to ay nagnakaw ng pera sa aming kompanya. Kund sino man ang nakakakilala sa kanya, **mag ingat kayo sa taong ito, legit na scammer**. Isang paalala na di kayo dapat nagtitiwala sa taong ito.[54] (Emphasis supplied)

(f) Messages to Michelle:

Mukhang sinasawalang bahala mo na ang obligation mo sa kompanya namin. **Lahat ng documents mo sa pag apply pagkuha ng pera ay nasa amin (ID's, address, pictures, Company name and FB account). Huwag ho kayong magagalit o magrereklamo kung sa ibang tao pa kami lalapit para lang iremind ka sa pagkakautang mo** dahil unang una nasa kasunduan to. Magkaron sana ng kahihiyan dahil kami ay dumidirekta na sayo ngunit wala ka pa ding paramdam hanggang ngayon. Salamat.

Magnanakaw! Scammer! Post ko pagmumukha mo sa buy and sell ng Facebook. Sisikat ka na. Magbayad ka.[55] (Emphasis supplied)

(g) Messages to Krisanta:

Magandang araw! **Makikisuyo sana kay Krisanta Tabernilla (9395166041), na sagutin ang aming mga tawag at txt tungkol sa kanyang loan obligation** ngayong araw na lanyang tinakda upang ito ay bayaran! Pagsawalang bahala sa kabila ng aming mga paunawa ay maaring magkaroon ito ng di kanais nais na problema nya sa aming kumpanya at record nya bilang isang loan creditor. **Maging kayo ay maaring malagay sa alanganin dahil ginawa nya kayong contact reference sa amin! At isa kayo sa mga FB friends nya**![56] (Emphasis supplied)

(h) Messages to Noelle Ivy:

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[53] *Ibid.* see Annex "D".
[54] *Ibid.* see Annex "E".
[55] *Id.* see Annex "F".
[56] *Id.* see Annex "G".

> Unahin mo muna ang utang mo bago ka maginarte at **feeing sosyal and kapal kapal ng mukha mong babae ka**.
>
> Anong klaseng pagkatao meron ka huh inuuna mo kaartehan mo sa buhay kesa magbayad ng obligasyon **patay gutom ka**.
>
> Sa lahat ng kasama ng babae na ito sa picture, **scammer po yan. Putangina na yan nagkakalat ng utang sa lending company para may pang awra at may pang ambag sa kalidad ninyo**.[57] (Emphasis supplied)

Objectively, the afore-quoted messages are glaringly loaded with: (a) threats on the reputation of their recipients, or threats of actions that cannot legally be taken; and (b) obscenities, insults or profane language that demean their recipients. The messages equally showed how the Corporation and/or its Collection Agents actually disclosed/published the information of its borrowers, and contacted their families, relatives and/or friends in their respective contact list and/or in social media. We thus find and so hold that the FLCD did not commit reversible error in finding that the Corporation committed multiple violations of MC No. 18. In this regard, We find no merit in the argument of the Corporation that it should not be held liable for the violations of its Collection Agents since the latter agreed not to employ unfair debt collection practices. Section 13 of the Lending Company Regulation Act of 2007[58] is explicit in saying that financial service providers are responsible and solidarily liable with accredited third-party service providers for the latter's acts or omissions.

C. The FLCD was correct in revoking the Corporation's Certificate of Incorporation and Certificate of Authority for its multiple violations of MC No. 18.

The Corporation maintains that the FLCD committed reversible error in imposing the supreme penalty of revocation of its Certificates, arguing that such penalty is too harsh considering that its violations of MC No. 18 constitute its first offense which is penalized under Section 5 thereof by a fine.

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[57] *Id.* see Annex "H".

[58] "**Section 13.** *Liability of a Financial Service Provider on the Acts or Omission of its Authorized Representatives.* - The financial service provider shall be responsible for the acts or omissions of its directors, trustees, officers, employees, or agents in marketing and transacting with financial consumers for its financial products or services. The financial service provider shall be solidarily liable with accredited third-party service providers for their acts or omissions in marketing and transacting, which may include, but not limited to, debt collection, with financial consumers for its financial products and services."

The Corporation is wrong.

Section 5 of MC No. 18 provides:

> SEC. 5. Applicable Penalties. Violation of this Circular shall subject FCs and LCs to the following penalties:
>
> | | LCs | FCs |
> |---|---|---|
> | First Offense: | P25,000.00 | P50,000.00 |
> | Second Offense: | P50,000.00 | P100,000.00 |
>
> Third Offense: **Subject to the facts, circumstances and gravity of the offense, the Commission, at its discretion, may impose a fine** of not less than twice the fine for the second offense but not more than P1 Million (1,000,000) Pesos; **or suspension of lending or financing activities** for a period of sixty (60) days; **or Revocation of Certificate of Authority** to operate as a Financing or Lending Company, **as appropriate for each circumstance.** (Emphasis supplied)

The afore-quoted provision grants the Commission the discretion to impose a penalty that is commensurate to the gravity and seriousness of the violation(s), based on its appreciation of all the attendant facts and circumstances established by evidence. The Commission is not bound to impose a penalty of suspension or revocation for a third or even subsequent violation of MC No. 18 if, to its mind, the same is not warranted by the facts and circumstances. It is the Commission's independent consideration of the seriousness of the offense based on its appreciation of the attendant facts and circumstances which facilitates the proper exercise of its sound discretion in imposing the appropriate penalty(ies).

In the instant case, the evidence on record established at least eight (8) separate violations of MC No. 18 by the Corporation. The number of violations that the Corporation has committed shows its utter disregard of applicable laws, rules and regulations, and its propensity to carry out any and all means to collect the loans that it extended to its borrowers. We are equally convinced that the obscene, insulting, foul, threatening, and demeaning messages sent by the Corporation and/or its Collection Agents to its borrowers, some of which were unlawfully disclosed and published in social media, resulted in the public humiliation of its borrowers. These are the evils that the Lending Company Regulation Act of 2007 and MC No. 18 seek to prevent and punish.

Considering the totality of the facts and circumstances that attended the commission of the multiple violations of the Corporation which were established by the evidence on record, this Commission agrees with the FLCD that such violations are indeed serious and grave which merit the supreme penalty of revocation of its Certificates. Unfair or abusive debt collection and recovery practices have no place in the lending/financing industry which this Commission is tasked to regulate; they will never be considered reasonable and legally permissible means to collect a loan. The Commission is thus duty-bound to impose the supreme penalty of revocation of the Corporation's Certificates pursuant to Section 5 of MC No. 18, to ensure that only lending companies which are fully compliant with all applicable laws, rules and regulations, and have demonstrated their capability to continuously comply with the same, are allowed to enjoy the privilege of operating a lending business. The evidence on record shows that the Corporation fell short on both.

WHEREFORE, premises considered, the Appeal filed by U-Peso.Ph Lending Corporation is hereby **DISMISSED** for lack of merit. The Order dated 24 June 2024, and the Resolution dated 19 February 2025 of the Financing and Lending Companies Department are hereby **AFFIRMED IN TOTO**.

SO ORDERED.

Makati City, Philippines.

FRANCISCO ED. LIM
Chairperson

JAVEY PAUL D. FRANCISCO
Commissioner

KARLO S. BELLO
Commissioner

MCJILL BRYANT T. FERNANDEZ
Commissioner

ROGELIO V. QUEVEDO
Commissioner