



**SUPREME COURT OF THE PHILIPPINES
PHILIPPINE JUDICIAL ACADEMY
SPECIAL COMMITTEE ON SMALL CLAIMS CASES**



**FREQUENTLY ASKED QUESTIONS ON
THE 2016 REVISED RULES OF PROCEDURE
FOR SMALL CLAIMS CASES**

A.M. No. 08-8-7-SC
(effective February 1, 2016)

FAQs on Small Claims¹

1. What is “The 2016 Revised Rules of Procedure for Small Claims Cases”?

It is a revision of “The Rule of Procedure for Small Claims Cases,” a special rule of procedure adopted by the Supreme Court in 2008 to govern small claims cases in first level courts (Metropolitan Trial Courts, Municipal Trial Courts in Cities, Municipal Trial Courts and Municipal Circuit Trial Courts). This was last amended on 27 October 2009.

The 2016 Revised Rules of Procedure for Small Claims Cases [hereinafter referred to as Revised Rules] will be effective on 1 February 2016.

2. What cases may be filed under the Revised Rules?

Actions that are purely civil in nature where the claim or relief prayed for by the plaintiff is: (a) solely for payment or reimbursement of sum of money owed under any of the following: contract of lease, contract of loan, contract of services, contract of sale or contract of mortgage; (b) for liquidated damages arising from contracts; and (c) the enforcement of a *barangay* amicable settlement or an arbitration award involving a money claim pursuant to Sec. 417 of the Local Government Code, may be filed under the Revised Rules on small claims.

3. What are the salient amendments introduced by the Revised Rules?

Among the most notable amendments are the following: *First*, the threshold amount of the claim is increased to ₱200,000.00, exclusive of interests and costs. *Second*, it is now required that the plaintiff state in the Statement of Claim if

he/she/it is engaged in the business of lending, banking and similar activities, and the number of small claims cases filed within the calendar year regardless of judicial station. *Third*, the plaintiff engaged in lending, banking or similar activities must indicate the number of small claims cases filed within the calendar year regardless of judicial station. *Fourth*, the plaintiff may now be allowed to cause the service of summons on the defendant pursuant to Section 12.

4. Why is the plaintiff required to state if he/she/it is engaged in the business of lending, banking and similar activities?

Because the Revised Rules require that if a person engaged in the business of lending, banking and similar activities has a branch within the municipality or city where the defendant resides, the case must be filed in the court where that branch is located. This is for the convenience of the defendant.

5. Who are those engaged in the business of lending, banking and similar activities?

They are individuals, partnerships, corporations, cooperatives, and other like associations, whether duly registered or not, engaged in lending, banking, and similar activities through verbal or written contracts of lease, contracts of loan, contracts of services, contracts of sale or contracts of mortgage, on a regular basis.

6. If the contract of loan between the plaintiff and the defendant has an express provision that venue is stipulated in a specific area, which is controlling – the stipulated venue or 2nd paragraph of Section 7?

Section 7 shall apply. Since the Revised Rules is a special rule of procedure, the same is controlling over stipulations in a contract. Section 7 states that the regular rules on venue shall apply, but “if the plaintiff is engaged in the

¹ Judges and court personnel are enjoined to read and study the Revised Rules of Procedure for Small Claims Cases, and not merely rely on this FAQs.

business of lending, banking and similar activities, and has a branch within the municipality or city where the defendant resides, the Statement of Claim/s shall be filed where that branch is located.”

7. Why is the plaintiff required to state the number of small claims cases filed within the calendar year regardless of judicial station?

Because the Revised Rules impose additional filing fees for every claim filed after the fifth claim. The schedule of *additional* filing fees is as follows:

Additional ₱500.00	For every claim filed after the 5 th claim
Additional ₱600.00	For every claim filed after the 10 th claim
Additional ₱700.00	For every claim filed after the 15 th claim

This is to discourage the filing of numerous small claims cases, which contribute to the clogging of court dockets.

8. How much is the filing fee if the plaintiff is engaged in the business of banking, lending and similar activities?

If the plaintiff is engaged in the business of banking, lending and similar activities, the amount of filing and other legal fees shall be the same as those applicable to cases filed under the regular rules.

9. What are the consequences if the plaintiff misrepresents that he/she/it is not engaged in the business of lending, banking or similar activities when in fact he/she/it is so engaged?

The Statement of Claim shall be dismissed with prejudice and the plaintiff shall be meted the appropriate sanctions such as direct contempt.

10. Will a claim filed under the Revised Rules of Procedure for Small Claims Cases be dismissed if the judge finds later on that it is covered by the summary or regular rules of procedure?

No. The case shall not be dismissed but instead, be re-docketed under the appropriate procedure, and returned to the court where it was assigned. The plaintiff should pay any deficiency in the applicable regular rate of filing fees.

11. In case of loan transactions not exceeding P200,000.00 paid through a check, may an action for collection of sum of money be filed as a small claim?

Yes, as long as it is a mode of payment for money owed under a contract of lease, contract of loan, contract of service, contract of sale, contract of mortgage, liquidated damages arising from contracts, *barangay* amicable settlement or an arbitration award involving a money claim.

12. When may the court order the plaintiff to cause service of summons?

The court may order the plaintiff to cause service of summons *after* the summons served by the sheriff or process server was returned unserved on any or all of the defendants. The Revised Rules do *not* require that the plaintiff's return be notarized or be made under oath. The judge may, in the interest of justice, require that a sheriff or process server accompany the plaintiff in serving summons to ensure its proper service.

13. What is the consequence if plaintiff, who was allowed to cause the service of summons, misrepresents that there was service when in fact there was none?

The entire proceedings would be void inasmuch as the court was not able to acquire jurisdiction over the person of the defendant. This will result in the dismissal of the case, with prejudice, and subject the plaintiff to appropriate sanction.

14. What is the consequence of failure to serve summons on the defendant?

Failure to serve summons on the defendant or any of the defendants shall be a cause for dismissal, without prejudice, of the Statement of Claim as to said defendant/s.

Courts may not archive the case, pursuant to Section 11 of the Revised Rules.

15. What are the “required affidavits” as per Section 9 of the Revised Rules?

It depends on the evaluation of the judge. If the Statement of Claim is enough to establish and prove the plaintiff’s claim, then plaintiff can dispense with the submission of other affidavits.

However, if there are facts or matters that can only be attested by other witnesses/individuals, then their affidavits must be submitted together with the Statement of Claim. The non-submission of the required affidavits will cause the immediate dismissal of the claim or counterclaim, pursuant to Section 9 of the Revised Rule.

16. May the Executive Judge decide if a party is an indigent?

Yes, the Executive Judge may do so, upon motion of the plaintiff, pursuant to Section 10 of the Revised Rules. The judge is not precluded from resolving a motion to sue as an indigent. However, in no case shall a party, even an

indigent, be exempt from payment of the ₱1,000.00 fee for service of summons and processes.

17. May the Executive Judge decide if a party, other than an indigent litigant, is exempt from the payment of filing fees?

No, the Supreme Court will determine if a party is exempt from the payment of filing fees (*GS/S Caballero*, G.R. No. 158090, October 4, 2010, 632 SCRA 5).

18. If a case is filed under regular or summary procedure but actually falls under small claims, should the judge dismiss the case and ask the plaintiff to refile it under the small claims procedure?

No, Section 11 of the Revised Rules states that “[i]f a case is filed under the regular or summary procedure but actually falls under the Revised Rules on Small Claims, the case shall be referred to the Executive Judge for appropriate assignment.”

For single *sala* MeTCs, MTCCs, MTCs and MCTCs, their Executive Judge is the same as the Executive Judge of the multiple-branch RTCs which cover their respective administrative areas.

19. May the judge refer a small claims case for court-assisted mediation or judicial dispute resolution?

No. The prevailing rules on mediation and judicial dispute resolution do not apply because the parties may enter into a compromise at any stage of the proceeding and the proceeding is more expeditious.

20. May the court dismiss a small claims case *motu proprio*?

Yes. Pursuant to Section 11 of the Revised Rules, the court may dismiss a case “by itself” if during the hearing the court is able to determine that there exists a ground for dismissal of the Statement of Claim/s – even if such ground was not pleaded in the defendant’s Response.

21. Is the postponement of the hearing allowed?

No, except when there is convincing proof of physical inability of the party to appear before the court on the date of the hearing. A party may avail of only one (1) postponement. (Sec. 21)

22. What are the effects in case of non-appearance of parties?

- If both parties failed to appear at the hearing despite notice:
 - Failure of both parties to appear shall cause the dismissal with prejudice of both the Statement of Claim/s and the counterclaim. (Sec. 20)
- If plaintiff appears, but the defendant does not appear at the hearing despite notice:
 - Failure of the defendant to appear shall have the same effect as failure to file a Response under Section 14, i.e. the court shall render judgment on the same day, as may be warranted by the facts alleged in the Statement of Claim/s. (Sec. 20 in relation to Sec. 14)

However, in case one of two or more defendants who are sued under a common cause of action and have pleaded a common defense appears at the hearing, the court shall render its decision based on the facts established by the evidence within twenty-four (24) hours from the termination of the hearing. (Sec. 20 in relation to Sec. 24)

- If defendant appears, but the plaintiff does not appear at the hearing:
 - Failure of the plaintiff to appear shall cause the dismissal of the Statement of Claim/s and compulsory counterclaim without prejudice. However, the defendant who appears in the absence of the plaintiff shall be entitled to judgment on a permissive counterclaim on the same day. (Sec. 20)

23. Can a party be allowed to present additional evidence during the hearing?

No, as all the evidence must be attached to the Statement of Claim and the Response. However, for good cause shown, the court may allow the admission of additional evidence on the day of the hearing itself, not on any other day. There cannot be a postponement of hearing on the ground that additional evidence will be presented. (Sec. 6)

24. Can the judge defer rendition of a decision within 24 hours from termination of the hearing?

No. The judge must decide the case within 24 hours from termination of the hearing pursuant to Section 24 of the Revised Rules. There is no exception provided in the Rules. Under Section 22, it is the duty of the court to explain the nature and purpose of the Revised Rules, and this includes the need to submit all evidence, together with the Statement of Claim and the Response.

25. Is an appeal of a decision in a small claims case allowed?

No. A decision in small claims cases is final, executory and unappealable. (Sec. 24)

The “pending proceedings” referred to in Section 29 refer to pending proceedings filed under the old Rule of Procedure for Small Claims Cases.

26. Does this not violate the right to due process?

No. The right of appeal is not part of the constitutionally guaranteed right to due process. The right to appeal is merely a statutory privilege, which may be exercised only in the manner and in accordance with the provisions of the law authorizing such exercise.

The declaration that the decision is final, executory and unappealable is in line with the nature of small claims, and is designed to preclude unnecessary or unmeritorious appeals that result in long drawn litigation for cases of this nature, pursuant to the Supreme Court’s constitutional mandate to enact rules of procedure.

27. What then is the remedy of a party when the decision is final, executory and unappealable?

The rule does not preclude a party from filing a petition for *certiorari* under Rule 65 of the 1997 Revised Rules of Procedure when there is grave abuse of discretion amounting to lack or excess of jurisdiction in relation to a *judgment* in a small claims action (such a petition is *prohibited* with regard to *interlocutory orders*).

28. What is the effect of the Revised Rules of Procedure for Small Claims Cases on pending cases covered by summary procedure?

The Revised Rules of Procedure for Small Claims Cases does not apply retroactively to pending cases covered by the Revised Rules on Summary Procedure because they have different features and procedures.

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