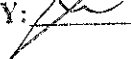


FIFTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



'11 JAN 24 P 4:10

SENATE  
P.S.R. No. 344

RECEIVED BY: 

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Introduced by Senator Miriam Defensor Santiago

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RESOLUTION  
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID  
OF LEGISLATION, ON THE NEED TO CURTAIL THE PREVAILING PRACTICE OF  
LOANING COMPANIES AND FINANCIAL INSTITUTIONS OF DELAYING  
COLLECTIONS IN ORDER TO INCREASE THE INTEREST DUE ON A DEBTOR'S  
OBLIGATION

WHEREAS, the Constitution, Article 2, Section 10 states: "The State shall promote social justice in all phases of national development";

WHEREAS, according to several complaints, a number of loaning companies, credit and financial institutions have intentionally delayed collection of payment for loans due to them in order to collect these with a higher interest rate;

WHEREAS, in some cases, these loaning companies and financial institutions would hire the services of collection agencies, which resort to aggressive collection methods involving threats, intimidation, and derogatory language;

WHEREAS, it was complained that these financial institutions or collection agencies would delay settlement even if there was an initiative on the part of the debtor to negotiate a lower interest rate in order to fully settle the obligation; as a result, the interest would continue to run from the date the obligation was due, increasing the debtors obligation;

WHEREAS, because of these intentional delays in collections, the interest due on a debtor usually reach usurious amounts, which are allegedly thrice the amount originally due;

WHEREAS, although the law seeks to protect creditors, it should not be unmindful of the debtors' welfare as well;

WHEREAS, due to economic hardships, a debtor may find it difficult to pay obligations immediately; however, that does not give the creditor a right to intentionally delay collection in order to increase the debtor's obligation; such constitutes bad faith and undue enrichment, which should be punishable under the law;

WHEREFORE, be it resolved, as it is hereby resolved by the Philippine Senate, to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the need to curtail the prevailing practice of loaning companies and financial institutions of delaying collections in order to increase the interest due on a debtor's obligation.

Adopted,

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MIRIAM DEFENSOR SANTIAGO