

Being a Guarantor

By: Natasha Pettit
YFS Senior Solicitor

Tina, Sue's daughter has asked her if she could be a guarantor on her loan. What should Sue know?

If Sue guarantees Tina's loan and Tina doesn't pay back the loan, Sue is legally liable to repay the loan.

Sue can be made to pay the loan back even though she may not have received any benefit from the money. Sue could try to recover any money she has paid on the loan from Tina but it is likely this would be difficult as Tina probably doesn't have any money.

If Sue has to pay back Tina's loan this may put Sue in financial hardship, this could result in Sue becoming bankrupt.

If Tina doesn't meet her loan repayments and Sue doesn't meet any demand for payment, this could affect their credit ratings.

If Sue entered into a contract in regards to a credit contract, there are specific requirements that have to be met before it can be enforced.

It is very important that before Sue considers becoming a guarantor for Tina that she obtains legal advice. There are many free legal advice services available.

Sue needs to know what she is signing and what the consequences are for her if Tina doesn't repay the money.

YFS Legal acknowledges Legal Aid Queensland for the information provided in this article.

YFS Legal is a community legal centre located in Logan. This article is information only; if you require free legal advice please contact YFS Legal on 3826 1500 to book an appointment.