



Becoming a co-borrower

This guide gives you important information about what it means to be a co-borrower to help you consider the general risks and responsibilities involved.



If you're thinking about borrowing money with someone else, we'll help you understand what to expect so that you can step through the process with ease. We recommend getting independent legal and financial advice to help you decide if being a co-borrower is right for you.

Understanding what it means to be a co-borrower

What is a co-borrower?

When you become a co-borrower, you take out a loan with another person or multiple people and you all agree to repay the loan. If one co-borrower misses any repayments, the other co-borrower will be responsible for making the repayments. You also agree to repay the entire loan if your co-borrower can't or won't contribute. This means you're responsible for the loan 'jointly' (together) and 'severally' (individually).

Each co-borrower will:

- ✓ be listed on the loan agreement as a borrower
- ✓ have equal responsibility for repaying the loan
- ✓ have an equal say in how the loan's managed



Is being a co-borrower the same as being a guarantor?

No, there are some important differences, which we'll take you through in the table below. You can also find out more about being a guarantor in our **Becoming a Guarantor** guide available on our website or in a branch.

	Co-borrower	Guarantor
Who is responsible for repaying the loan?	Each co-borrower is responsible for repaying the loan, either together or on their own.	A guarantor only becomes responsible for repaying the loan if the borrower hasn't met their obligations and we ask the guarantor to repay the amount owed by the borrower under the guaranteed loan (up to the maximum amount set out in the guarantee).
What happens if loan repayments aren't met?	<p>If there's a problem with keeping the loan repayments up-to-date, we can ask all co-borrowers or any one of you to get the loan back on track.</p> <p>If this can't be achieved, we may need to take some formal steps, like issuing a notice asking for payment. We usually send a notice to all co-borrowers, but we can issue a notice to any one of you on your own.</p>	We'll try to recover payment from a borrower or co-borrower before we ask a guarantor to step in. If we ask a guarantor to pay us, we'll issue a formal notice to the guarantor asking for payment under the guarantee.
How much will you need to repay?	You'll be responsible for the entire debt owed under the loan, even if your co-borrowers can't or won't contribute.	A guarantor is responsible for repaying the maximum amount payable under the guarantee, plus interest, costs and other amounts described in the guarantee.
Can you ask us for help if you experience financial difficulty during the loan?	Yes, co-borrowers can contact us together or individually so that we can explore how we might be able to help.	Yes, but unless we've asked the guarantor to pay us under the guarantee, the help we may give a guarantor might be more limited than the help we can give a borrower or a co-borrower. For example, a guarantor can't ask us to vary the terms of the borrower's loan.
Is there a difference between the information we can give you?	A co-borrower is entitled to all information about the loan and their co-borrowers.	<p>A guarantor is only entitled to information that's relevant to the loan they've guaranteed.</p> <p>For example, if a borrower has split their home loan into various parts and the guarantee only covers one part of the loan, the guarantor will only receive information about the part of the loan they've guaranteed. The guarantor won't be told anything about the non-guaranteed loan.</p>

Know your rights and protections

While your rights and obligations will be set out in the loan, you may also have the benefit of extra rights and protections under the following codes as an individual:

- **The Banking Code of Practice** applies if the borrower or prospective borrower is an individual or small business. Find out more at nab.com.au/bcop or on the Australian Banking Association's website at ausbanking.org.au.
- **The National Credit Code** (included in the National Consumer Credit Protection Act 2009) applies if the guarantee supports a borrower getting credit that's wholly or predominantly for:
 - personal, domestic or household purposes,
 - the purchase or improvement of residential property, or
 - refinancing a loan for any of the above.

Find out more on the Australian Securities and Investments Commission website at asic.gov.au.



Loan application process

Privacy and consent

The first thing we'll do is verify your identity and ask if you accept our Privacy Policy. Here are some important things to know.

How will we use your personal information?	Any personal information you give us may be used to help us assess your creditworthiness. This may include personal information you've recently given us to assess you as a borrower or guarantor.
Will we share your personal information with your co-borrower?	Yes. The loan application will ask you and your co-borrower to provide financial information, including information about income, assets and liabilities. The information you give us in the loan application will be visible by each of your co-borrowers.

Assessing your loan application

There are some important questions we consider when reviewing your loan application.

Does your credit history support you as a co-borrower?	We'll check your financial and credit history to see if you're suitable as a co-borrower. If we agree to giving you the loan, you can ask us for a copy of our assessment.
Will you receive a benefit under the loan?	We'll consider whether you'll receive a benefit being a co-borrower on the loan. A benefit includes: <ul style="list-style-type: none">• a financial benefit, such as ownership of an asset (like a car or property) or a debt refinance• a non-financial benefit, such as living in a home purchased with the loan
Will you receive a 'substantial benefit' from being a co-borrower?	To work out if you'll get a 'substantial benefit', we'll look at whether you'll get at least the same benefit from the loan as your co-borrower . For example, if your loan is to buy a house with one other co-borrower: <ul style="list-style-type: none">✓ you will receive a substantial benefit if you have 50% ownership✗ you won't receive a substantial benefit if you have less than 50% ownership
Can we accept you as a co-borrower if you won't receive a 'substantial benefit'?	If you won't receive a substantial benefit, we'll only accept you as a co-borrower if: <ul style="list-style-type: none">• you've explained why you want to be a co-borrower• we've explained the risks involved and the difference between being a co-borrower and a guarantor• you've had the opportunity to consider your options• you've entered into the arrangement voluntarily, without being pressured or forced into it – if you feel pressure to be a co-borrower, you should let us know straight away so that we can see if we can help

Before you sign the loan

You'll become a co-borrower when you sign the loan agreement. We'll give you a copy of the loan agreement, the terms and conditions, and information about fees and other charges that apply before you sign.



Consider the financial risks

It's important to keep in mind that becoming a co-borrower means:

- you're responsible for the entire debt, even if your co-borrowers don't contribute
- you may have to sell your assets to repay us
- if the debt isn't repaid, it could impact the credit rating of all co-borrowers

So make sure you understand the terms of the loan agreement, the benefit you're receiving under the loan, and your ability to make any repayments (or all the repayments if you're required to) before you sign the loan.



Take some time to think it over

Remember, you don't have to become a co-borrower – it's your choice. Before you commit:

1. Use our checklist to ask yourself some key questions
2. Talk to a solicitor
3. Talk to your accountant or financial advisor

Checklist of key questions to ask yourself ☒

- | | |
|---|--|
| <input type="checkbox"/> Why am I borrowing money with my co-borrower? | <input type="checkbox"/> Can my co-borrower meet the commitments under the loan? |
| <input type="checkbox"/> Do I understand the differences between being a guarantor and a co-borrower? | <input type="checkbox"/> Am I prepared to repay the loan if my co-borrower can't or won't? |
| <input type="checkbox"/> Is my role in the loan better suited to being a guarantor or a co-borrower? | <input type="checkbox"/> Can I afford to repay the loan if my co-borrower can't or won't? |
| <input type="checkbox"/> Am I getting a benefit from the loan? | <input type="checkbox"/> What would I do if I needed to sell my home to repay the loan? |

During the loan



You can ask for help

If you experience financial hardship or difficulty meeting your repayments, it's important to let us know. We'll work with you to see if we can help you find a solution that's right for you.

For more information about how we can help and how to apply, visit **nab.com.au/hardship**.



You can raise concerns

If you're unhappy with anything during the loan application process or loan period, we want you to get in touch.

For more details about resolving an issue or to download a copy of our Complaints Guide, visit **nab.com.au/feedback**. You can also ask for a copy at any of our branches.

While we aim to resolve any issues together first, if you feel something hasn't been resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA is a free and independent external dispute resolution service. For more information, visit **afca.org.au**.

Tips for successful co-borrowing

- ✓ Communicate openly with your co-borrower, setting clear goals and expectations
- ✓ Try budgeting together to plan for repayments
- ✓ Review your loan regularly and let us know if you'd like to make any changes



Contact us

For more information
visit nab.com.au

Call us on **13 22 65**
8am – 7pm AEST/AEDT Monday to Friday
9am – 6pm AEST/AEDT Saturday to Sunday

For people with **hearing or speech difficulties**, call us on **13 22 65** through the National Relay Service.

If you do not speak English, you can call us on **13 22 65** and say **I need an interpreter**. We'll get someone to help you.

Chat with us using **NAB Messaging** in the **NAB app, NAB Internet Banking** or on **nab.com.au** by clicking the message icon.

Talk to us at your **local branch**.

For information on **accessible banking**, visit **nab.com.au/accessibility**.