

# Co-Borrower Information Sheet

Where you may not get a substantial benefit from the loan

You have applied to be a co-borrower for a loan with us, even though on the information that you have provided to us you may not receive a substantial benefit from it. Before proceeding with your application, you need to carefully consider:

- the risks associated with entering into the loan and the difference between being a co-borrower and guarantor outlined below;
- whether you need to obtain independent legal and financial advice on these matters (which we recommend); and
- whether you:
  - still want to proceed with your application; or
  - want to be a guarantor, rather than a co-borrower; or
  - want to withdraw your application.

Once you have had an opportunity to consider these matters, please let us know what you would like to do.

**Note:** We no longer accept guarantees. As a guarantee option is not available for your Loan, you will need to explore an alternate Lender who accepts guarantees if you want to be a guarantor.

## Differences between being a co-borrower and guarantor

There are differences between being a co-borrower compared to a guarantor:

### Co-Borrower liability

- As a co-borrower, you may have to repay the entire amount owing yourself;
- We do not have to ask any other co-borrower to repay before we ask you, or at the same time we ask you.
- This is because as a co-borrower, you and the other co-borrower/s are each individually and directly responsible for the loan repayment obligations. If there is a problem with repayment of the loan, we may pursue all co-borrowers or any one of you individually for the amount owing.
- In applying as co-borrower, you and your co-borrower/s have asked us to assess the Loan application on the basis that your joint incomes will service the Loan.

### Guarantor liability

In comparison, a guarantor is someone who promises to repay money that is owed to us under a loan, if for some reason the borrower doesn't. If you were a guarantor instead of a borrower, we may be required to take steps against the borrower before we can enforce mortgages given by you or judgements against you.

A guarantor may be able to limit their liability. A guarantor may also be able to ask for contribution from the borrower/s and from other guarantors. The law generally provides other protections to guarantors that will not apply to you as a borrower.

Whether you are a co-borrower or a guarantor, there will be financial risks, including the risk of losing any security, property and other assets.

## You have options

As a person who may not receive a substantial benefit from the Loan, you have the option:

- to be a co-borrower; or
- to be a co-borrower or to be a guarantor with an alternate lender; or
- no longer proceed with your application.

Before deciding which option is right for you, you need to understand:

- the difference between being a co-borrower and guarantor;
- becoming a co-borrower or a guarantor involves financial risks, including the risk of losing any security, property and other assets.

## Before you agree

We recommend that, before proceeding with your application, you obtain independent legal and financial advice about your obligations as a co-borrower and:

- you provide your adviser with this information sheet to read;
- if you are seeking legal advice, you ask your solicitor in particular for advice on the following issues:
  - the difference in the obligations between being a co-borrower and a guarantor;
  - that becoming a co-borrower under a loan agreement or giving a guarantee both involve considerable risk, including the risk of losing any security, property and other assets.
- if you have concerns about the financial risks associated with the transaction, you should obtain financial advice.

This information sheet contains information of a general nature. You should consult your advisors to understand how this information may apply to your circumstances.

## How to make a complaint

If you have a problem or get into a dispute about something, you can get help by contacting 1300 300 989 or email [complaints@advantage.com.au](mailto:complaints@advantage.com.au). We can give you information about how to make a complaint. For more details about our internal dispute resolution procedures, it's best to ask for a copy of our complaints resolution guide.

If your concerns haven't been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA)

**Website:** [afca.org.au](http://afca.org.au)

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Telephone:** 1800 931 678 (free call)

**In writing to:** Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC 3001

AFCA is an external dispute resolution (EDR) scheme to deal with complaints from consumers in the financial system.

AFCA provides fair and independent financial services complaint resolution that's free to consumers.