



# Know Your Responsibilities as a Joint Borrower



## WHAT YOU NEED TO KNOW IF YOU ARE SIGNING FOR A LOAN, CREDIT CARD OR LINE OF CREDIT WITH ANOTHER PERSON

Signing for a loan, credit card or line of credit with another person is a big responsibility. If the other person does not pay the debt, **you** will have to repay it. Even if you trust the person asking you to sign, think seriously about the consequences if they do not repay the whole debt.

### *You are responsible for the debt*

If you sign for a loan, credit card or line of credit with another person, you are considered “joint borrowers” and you become **equally** responsible for repaying any debts. If one borrower does not pay the debt, the bank or lender can demand payment from **any** borrower listed in the loan or credit agreement.

### *You have the right to receive information about the debt*

Each of the joint borrowers is entitled to receive information from the bank or lender about the costs of borrowing involved with the account or loan and its status. When you take out a loan with another person, both of you should receive a document that outlines the interest and other costs you will have to pay. You have a right to receive the same statements that the other borrower receives on an ongoing basis. If you are a joint borrower on a credit card, for example, you should also receive a monthly statement about the account. From these documents, you can learn about the current status of the loan – if the other borrower is making payments, or if the terms and conditions have changed.

### *You can receive documents even if you live at a different address from your joint borrower*

You and the other joint borrowers have the right to receive these important documents even if you live at different addresses.

### *Tips for minimizing problems when you are a joint borrower*

- Before you sign as a joint borrower, make sure you understand your responsibilities. Ask your bank or lender questions about anything you don't understand.
- Ensure that you regularly receive copies of all agreements and account statements.

- Once it's paid off, ask to receive confirmation in writing from the lender or card issuer that the debt has been paid in full and you are no longer responsible. For a mortgage or other charge against your property, request a "discharge of the mortgage" from the lender.
- Consider asking the other borrower to obtain insurance to repay the debt in the event that person becomes ill or dies. The joint borrower can have you named as the beneficiary on the life insurance policy for an amount that will enable you to repay the loan.

### ***Where to go for more information***

The Financial Consumer Agency of Canada (FCAC) provides timely, objective information to help consumers choose the best banking products and services for their needs. FCAC also informs Canadians of their rights and responsibilities when dealing with financial institutions, and makes sure that banks and federally regulated trust, loan and insurance companies respect the laws and agreements that protect consumers.

You can reach us by phone through our toll-free Consumer Contact Centre at 1-866-461-3222 (our TTY number is 613-947-7771, toll-free 1-866-914-6097) or by visiting our Web site at [www.fcac.gc.ca](http://www.fcac.gc.ca).

If you would like more information about credit cards, see our publication ***Credit Cards and You*** – available on our Web site or by telephone – or try our on-line interactive tool, which will help you compare credit cards and choose the card that best suits your needs.

For more information about lines of credit, see our tip sheet ***Shopping Around for a Line of Credit***.

If you would like more information about mortgages, see our publication ***The ABCs of Mortgages***, our on-line mortgage calculators or other mortgage tools.