

Dealing with debts: your rights and responsibilities

This information is from page 6 and 7 of the ASIC/ACCC brochure

Are you in debt?

If you have borrowed money, bought something with finance, have a loan or a credit card debt or owe money for bills or accounts, you have a legal responsibility to repay the money you owe. You must not try to avoid your responsibility to repay your debts.

You should get advice immediately if you have been contacted about a debt and you think:

- you don't owe the debt,
- you only owe part of the debt, or
- you have a legal defence against the debt.

Are you responsible for someone else's debt?

You are generally not legally responsible for paying another person's debts – even if that person is your spouse, partner or child. If someone you know has a debt problem, encourage them to see a financial counsellor (or, if appropriate, a gambling counsellor) without delay.

Sometimes people do make themselves legally responsible for other people's debts by agreeing to be a co-borrower or guarantor for a loan. Think very carefully before you agree to be a co-borrower or guarantor – even though you might not benefit from the loan yourself, you could end up being liable (i.e. legally responsible) for the entire amount owing if the person who took out the loan defaults on their repayments.

You should get advice if:

- you agreed to be a co-borrower or guarantor under pressure or through fear, or
- you did not understand the nature or extent of the commitment you were making.