

JOINT & SEVERAL LIABILITY

If you enter into a credit agreement jointly with another person, you are both liable to repay the full amount of any debt relating to that credit agreement.

This means that if you have a joint loan (or other credit agreement) with a spouse, partner – or any other person – and one of you fails to keep up the repayments (e.g. following divorce, separation or reduction in income), the lender can ask the other person to repay the full amount due. They can also take legal action against you both, jointly and/or separately, to recover the money.

DOES THIS MEAN THE LENDER COULD RECOVER THE MONEY TWICE?

NO – the lender isn't allowed to recover the money twice, but they can pursue both of you for the full outstanding amount until they have received what's due to them, either from one or both of you.

HOW DO I KNOW IF IT IS A 'JOINT AND SEVERAL' AGREEMENT?

For an agreement to be 'joint and several', it must be signed by both you and the other person. If a lender or creditor says you are jointly liable for a debt, and you don't agree with this, it may be worth asking them to send you a copy of the original agreement. If you didn't sign it, you can't be held liable to repay the debt.

WHAT TYPES OF LOANS CAN HAVE 'JOINT AND SEVERAL' LIABILITY?

Many different types of loans and credit agreements can be taken out jointly – for example mortgages, tenancies, secured loans, second mortgages, water charges, bank accounts and some unsecured loans.

WHAT ABOUT COUNCIL TAX?

Joint and several liability under Council Tax legislation has specific rules - i.e you're joint and severally liable with another person if:

- They are your spouse, civil partner or partner; AND/OR
- You have the same legal interest in the property – for example, if you are both tenants or owner occupiers.

WHAT ABOUT CREDIT CARDS?

Credit cards CANNOT be taken out jointly. Even if both you and someone else each have a card on the same credit card account, only one of you is the 'main cardholder' – that's the person who signed the application form for the credit card. Only the main cardholder is responsible for the credit card debt, regardless of which card was used.

For further information on Joint & Several Liability, please contact your local **Citizens Advice Bureau (CAB)**.