

Public Service Announcement

What does it mean to co-sign a loan?

Start Date: September 9, 2024

End Date: September 13, 2024

Nunavut-wide

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The Department of Community Services' Consumer Affairs division would like to remind Nunavummiut that co-signing a loan means that you are legally responsible to pay back the loan if the borrower fails to meet their payment obligations. This means you will take on responsibility for the debt, it does not mean you receive ownership of the property. You might be asked to co-sign a loan for a truck, an ATV, a boat, or a mortgage.

To co-sign a loan, lenders typically require good to excellent credit scores. You may be asked to co-sign a loan when the person applying for the loan is not qualified for reasons such as having insufficient credit record, unsteady income, and a bad credit history.

Before co-signing a loan:

- Obtain copies of the paperwork, understand the terms of the loan fully and know the total loan amount.
- Ensure that you can afford to pay the debt, late fees or collection costs if the borrower defaults or falls behind on payments.
- Consider the consequences and what co-signing a loan will do to your credit score, as this loan will appear on your credit report.

If someone asks you to co-sign a loan, or if you ask someone to co-sign for you, carefully consider how this could affect your financial situation as well as theirs.

For further information, contact Consumer Affairs at ConsumerProtection@gov.nu.ca or 1-866-223-8139.

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