

Joint accounts and relationship breakdowns

12 Feb 2016

A joint account is a shared bank or credit card account allowing two or more people to have access to their shared funds. In most cases, funds in a joint account are owned jointly and severally. This means that each account holder is entitled to all the funds and each is liable for all debt on the account.

Typically, joint accounts are shared between couples, close relatives or business partners. They can be a very convenient way to manage shared funds. But, when a relationship between joint account holders breaks down, problems can arise.

What responsibility does a bank have when a relationship between joint account holders breaks down?

Generally, unless the bank is given notice to the contrary, it will allow any of the joint account holders to operate their joint account.

If one of the joint account holders requests changes to the account because of a relationship dispute, the bank will be cautious. Before it can make changes to the account, it needs to contact each joint account holder.

A bank cannot become involved in a relationship dispute – it is responsible for protecting the funds in the account while the relationship difficulties are being worked through. If it appears that the funds in the account are in dispute, the bank may well decide to place a hold on the account, meaning that neither holder can withdraw funds. In the case of a joint credit card, before agreeing to remove a joint holder's name or make any other changes to the account, the bank will require either full repayment of the debit balance or the agreement of both parties that one of them will take full responsibility for the debt. To avoid further debt being incurred, the safest course is to ask the bank to suspend the credit card account.

Stopping an account which is in daily or frequent use can cause problems. For example, if automatic payments, direct debits or loan repayments are made from the joint account it is the account holders' responsibility to ensure that these payments can continue.

How to contact us

What should I do if I have a joint account and my relationship breaks down?

If your relationship has broken down and you have a joint account with your ex-partner, it is important to decide together what to do with your shared funds or debt and the future of your account. If you can come to an agreement on this, advise your bank about these changes.

If it is simply not possible to reach any agreement, contact your bank as soon as possible. It will advise you on the future operation of the jointly held accounts. For example, if you want to protect the funds in the account but need to meet regular automatic payments, you can restrict access to the account while allowing regular payments to be maintained as long as all joint account holders agree.

See our Quick Guide to [Account mandates](#) for more information about operating shared accounts.

Case note

Mr B was very concerned when his application for a personal loan was declined because of a default listing on his credit card. A credit check had shown a listing of an unpaid credit card debt owed to another bank. Mr B could not remember even having a relationship with that bank.

It turned out that Mr B and his former wife had jointly applied for a credit card account many years previously. The application had been accepted and a card issued to his former wife, but he had never had a card on the account. After they separated, his former wife continued to use the card and made all repayments until she ran into financial difficulties. At that point the debt began to mount up, and she was eventually declared bankrupt. The debt was then listed as a default against both her and Mr B.

Mr B did not find out about the debt until more than a year after his former wife's bankruptcy.

Mr B understood the legal position and was prepared to repay the debt. However, he was very concerned that it had not been brought to his attention earlier so that he could make payment arrangements and avoid a default listing. Although he was the only person of his name in the telephone directory for the area in which he had always lived and therefore was easily traceable, it seems that neither the bank nor the collection agency had made any attempt to contact him.

Mr B was told by his bank's complaint officer that where there was a joint account the bank only needed to contact one of the card holders and that, as his former wife was bankrupt, the debt was his.

We contacted the bank, and after some discussion it was agreed that the bank would:

- recall the debt from the collection agency
- remove the default listing
- write off the collection charges
- reduce the debt by about 12%.

How to contact us

For his part, Mr B would repay the remainder of the debt by instalments. The complaint was settled on that basis.

How to contact us

Freephone 0800 805 950 Email help@bankomb.org.nz
Web www.bankomb.org.nz Facebook www.facebook.com/bankombnz