



Case Study: Meet Peter and Sharon

Into the wrong hands

February 2026



Meet Peter (64) and Sharon (59).

They are a married couple who own their home and have two children of 28 and 22 years.

They have worked hard all their life and now able to secure a great income and lifestyle in their retirement. They've always planned that one day they would be able to have the funds to loan the two children money for home deposits.

Two years ago, they were delighted to help their eldest, Tom, with \$250,000 to help with the deposit on his first home with his newlywed. They agreed it would be a loan, as there's more protection for Peter and Sharon if things go wrong, and in 5 years Tom should be in a position financially to re-mortgage the home and pay it back. This would leave them funds to help their daughter, Claire, who would be ready to buy a home at this time. It was a great plan, but their situation today is a different story.

Out of the blue, Tom broke up with his wife. If that wasn't bad enough, the courts ruled that everything would be split in half. There was never a document outlining that this money and would be paid back in full to Peter and Sharon before the property was dispersed in the event of a breakup. So, the home deposit support was divided as well.

Sadly, it seems unlikely Peter and Sharon can help their daughter as this might jeopardise their own lifestyle and Tom needs to start again.

How could Peter and Sharon have prevented this?

The terms of the "Bank of Mum and Dad" loan should have been agreed, documented, and signed off in a Loan Agreement. This would cover aspects including the length of time before the loan is meant to be repaid, a specified repayment date, the amount of any repayments, what would happen in the event of a default, break up or any other terms agreed between the parties.

