



## Case Study: Meet Nancy and Fred

### He wouldn't leave the house

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### Meet Nancy (59) and Fred (61) and their daughter Chloe 28.

They are asset rich and cash poor; own their home worth \$4.2m, have a beach house with a small mortgage and some cash, allowing them to live a great life.

A couple of years ago they realised that Chloe would need help with a home deposit. It would take her 7 years to save enough money and with house prices rising fast it was the right time.

They decided a home equity loan was the best solution; a \$200,000 loan against the equity they owned in their home which was a fixed term loan for 5 years.

The home she purchased was lovely, in nearby Oakleigh, and their daughter's partner was living there but was not named as an owner of the property.

I was reminded by the lender just as we closed the loan to make sure this was documented but time slipped by and it did not seem that important until now...

-Fred

Just recently, Chloe and her partner decided to go separate ways and, astoundingly, he refuses to leave the property.

With no Tenancy Agreement or other agreements in place at the outset, the property cannot be sold without the partner's co-operation.

I never knew how difficult it is to get someone out of your home.  
We called the sheriff to try and get him out, it failed.

-Nancy

### **Lessons learnt:**

- Don't take for granted that the partner will always be the partner and cooperate if there is a breakup
- Document all the terms of the loan or gift and cover all eventualities—no matter how remote they seem
- Don't wait until the issue arises as it's too late then to back date the agreements
- Your kids may not feel good about the discussions at the time, but you should always push to have the necessary, and documented conversations