

## The complaint

Mr J and Miss S complain Shire Securities Limited didn't explain the consequences of them providing personal guarantees for a business they are directors of.

## What happened

Following discussions with Mr J and Miss S, Shire sent a loan agreement for a limited company I'll refer to as JS, and a Guarantee and Indemnity to them to review and sign in June 2024.

Mr J and Miss S signed separate copies of the Guarantee and Indemnity on 13 June 2024 via the DocuSign system. Miss S also signed and accepted the loan agreement on behalf of JS on the same day.

Mr J and Miss S complained to Shire in April 2025. They raised numerous issues about the loans taken out by JS as well as the guarantees they had signed. Our investigator explained he would need to provide assessments for the different matters and entities involved. As such, the subject of this complaint is about Shire's behaviour when they sought these guarantees from Mr J and Miss S, and whether our investigator thought Shire had treated them fairly and reasonably in this respect.

Our investigator didn't think Shire had acted unfairly or unreasonably in the circumstance of this complaint, so he didn't uphold the complaint.

Miss S was unhappy with this outcome and asked for a decision on the case. She said our investigator's view focused on the presence of personal guarantee wording within the loan documents, but missed her key point that she specifically asked Shire to explain the guarantees to her and Mr J before they signed them.

She told us the explanation given to them was materially misleading and they were led to believe the guarantees would only be relevant if JS was wound up.

The complaint was then passed to me for a decision.

## What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached a similar conclusion to our investigator, and I've detailed the reasons why below.

Miss S told us that when she asked Shire to explain more about the personal guarantees, they replied by email stating "*Nothing needed, just if the business closes you agree to pay the loan back. A PG is on all loans and most of asset finance.*" She says this was misleading and she wasn't aware a personal guarantee created "*unlimited personal liability in all circumstances of default.*"

I've taken Miss S' argument into account. I can see why she thought the wording around the business closing was misleading, however, I think there was enough additional information provided to Miss S and Mr J for them to have understood the implications of signing the guarantees.

Having reviewed the documents sent to Mr J and Miss S, I can see the guarantees were ongoing - meaning Mr J and Miss S would be joint and severally liable for any monies owed to Shire by JS, then and in the future.

Clause 1.1 of the guarantee explains the Guarantors are guaranteeing the due and punctual payments of all sums due to Shire by JS. Explaining if JS doesn't pay any amount when due, the Guarantors must pay on demand as if they were the principal obligator (JS in this case).

Clause 2 explains if JS was to default on any sum due under any of its loan agreements for a period of three days or more, the Guarantors must make payment to Shire on demand.

In addition, the very first line of the guarantee states, *"By giving this Guarantee and Indemnity you might become liable instead of or as well as the Customer. If you are an individual you should seek independent legal advice before entering into this Guarantee and Indemnity,"*

And the part at the end of the document which requires the Guarantor to sign as an individual, explicitly states in bold capitals, *"Do not sign this Guarantee unless you have read and understand its contents. You may become personally liable to pay the debt. You should seek independent legal advice before entering into this Guarantee."*

So, I'm satisfied Shire provided Mr J and Miss S with enough warnings about the consequences of providing a personal guarantee, including a number of warnings about taking legal advice before signing the document.

Miss S says Shire put them under pressure to sign the documents stating funding could be made available within 24 hours. However, I've not seen any time limit being imposed on the acceptance of the documents Shire provided, including the guarantees. So, I don't agree that pressure was applied for the documents to be signed and returned without Miss S and Mr J having time to review them and seek additional advice or clarification on anything within them.

I note Miss S' comments about Mr J being asked to sign on his mobile as *"he just needs to put one signature on"* but the suggestion that Miss S *"could do the rest"* implies to me that Miss S should review the documents before proceeding. I'm not dismissing the fact that Miss S may have felt some pressure to sign, however she had the right to push back or ask for more time, but from what I can see Miss S signed the documents within two minutes of opening them. I don't think Shire can be held responsible for this. I appreciate Shire told Miss S *"sign the quotations and then we will get if fully approved today and fund tomorrow"* when she asked what JS needed to do if it accepted the loan. But I think the documents make it clear that Mr J and Miss S shouldn't sign them without seeking legal advice first if they had any doubts about the consequences of entering into the agreements.

Since this decision was passed to me, Miss S has suggested there was ambiguity in the identification of the borrower on the loan agreement, which means the guarantees cannot be enforced.

Having reviewed the documents in question, I'm satisfied the borrower is JS as detailed in the borrower's details section of the loan agreement. This document required one director to sign, in this case it was signed by Miss S, which matches the details available on Companies

House about the directorship of JS. So, I can't see that there is any ambiguity about who the loan was intended for or accepted on behalf of.

I know Mr J and Miss S will be disappointed with my findings. However, I've not found Shire has acted unfairly or unreasonably in the circumstances of this complaint, so I won't be asking them to take any action.

### **My final decision**

For the reasons detailed above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Miss S to accept or reject my decision before 5 March 2026.

Tara Richardson  
**Ombudsman**