

## Garcia v National Australia Bank Ltd (1998) (1998) 194 CLR 395

<https://lawcasesummaries.com/knowledge-base/garcia-v-national-australia-bank-ltd-1998-1998-194-clr-395/>

### Facts

- In 1979, Jean Garcia and her then husband, Fabio Garcia, executed a mortgage over their jointly owned matrimonial home in favour of National Australia Bank Ltd (**NAB**).
- Between 1979 and 1987, Jean Balharry Garcia signed several guarantees.
- These guarantees were signed to secure a loan that was made to Fabio Garcia for use in his company, Citizens Gold Bullion Exchange Pty Limited (**Citizens**).
- The Garcias divorced in 1988 and Citizens was wound up.
- Mrs Garcia commenced proceedings in the NSW Supreme Court, seeking declarations that the guarantees were of no effect due to undue influence by Mr Garcia. Young J held that the guarantees were void, due to the spousal rule of undue influence found in *Yerkey v Jones* (**Rule of Yerkey v Jones**).
- NAB appealed and Mahoney P, Meagher and Sheller JJA held that the Rule of *Yerkey v Jones* had been superseded by *Commonwealth Bank v Amadio*.
- Mrs Garcia appealed to the High Court.

### Held

- The High Court majority upheld the Rule of *Yerkey v Jones*.
- The Rule of *Yerkey v Jones* is a separate doctrine to that found in *Commonwealth Bank v Amadio* - it concerns the circumstances under which it is unconscionable for a lender to enforce a transaction against a wife, taking into account the specific nature of a husband/wife relationship.

### Full Text

The full text is available here: <https://jade.io/summary/mnc/1998/HCA/48>

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