Australian Banking Association

Financial abuse –
the facts and how to protect yourself

Financial abuse is a serious and far reaching problem that can happen to anyone, but some people, like the elderly, people with a disability or other vulnerable and isolated people are at greater risk.

Increased house prices and reasonable superannuation balances can mean that some older people are in a good financial position. This can lead to family members feeling a sense of entitlement, with some people referring to it as inheritance impatience.

Exact elder financial abuse numbers are difficult to come by – but numbers will increase as population ages, by 2055 Australia's population is expected to grow to 40 million, around 25% of them will be over the age of 65.

What is financial abuse?

Financial abuse can take many forms and can happen over an extended period of time.

Spending money without permission, forging signatures, coercing someone to sign something, pension-skimming; using the person's bank account or credit card without their consent; denying them access to their money or bank statements.

It can involve a loan that is never paid back. Or threatening or pressuring them to invest in something on their behalf.

Making someone provide care or other services without being paid or fairly compensated or expects you to pay their expenses.

Pressures, tricks or threatens you to change your will, power of attorney or other legal arrangements.

Coercing a person to go guarantor on a loan.

A Growing Problem

Australian Population - 2055

Approx
25%
over 65

Total population of
40 million

Source: 2015 Intergenerational Report
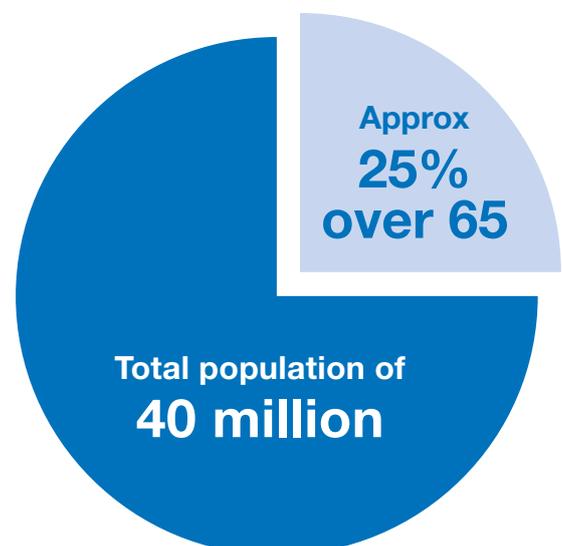
Protecting yourself

Always protect your bank and financial cards, cheque books and other important documents. Never hand over a PIN or password to anyone.

If someone asks for money, discuss it first with a trusted family member or friend.

Get your affairs in order. Talk to your bank about setting up direct debits and pre-authorised bill payments. Consider who has third party authorisations over your accounts and ensure that they are trusted.

Keep a track on your bank accounts, investments and other assets.

Put in place arrangements, like power of attorney, for how your money and property will be handled if something happens to you or you can no longer communicate your wishes effectively.

Always read contracts and other documents carefully and never sign anything under duress, seek legal advice when in doubt or contact police if you think you are being abused.

Bank staff on the frontline

Bank employees need to be vigilant and cautious when faced with a possible case of financial abuse. To intervene or question a customer inappropriately, or without due consideration and sensitivity may cause embarrassment for the customer, or possibly damage the customer-banker relationship.

Challenges for bank staff and the solutions

It is currently very difficult for bank staff to report suspected cases - Australia needs an appropriate designated organisation where bank staff can report the suspected elder financial abuse for investigation.

Difficult to assess customer competency. Banks will continue to offer ongoing training to frontline staff to help them identify and assist customers in difficult and sensitive situations.

Power of attorney legislation is inconsistent across the country, which makes it overcomplicated to detect and report abuse. Australian banks are calling on Governments to introduce standardised legislation across the country.

In most states such as NSW, Queensland and Victoria, powers of attorney are not required to be registered formally, making it hard for banks to check the legitimacy of a power of attorney. The establishment of a national power of attorney register would help all financial institutions verify the authority of a power of attorney or court-appointed administrator when they present themselves as acting on behalf of a customer.

Australia's banks will continue to work with governments and other key stakeholders to help ensure that all of the necessary measures, legislation and training are put in place to help protect older Australians from being abused financially.

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