

Financial abuse in business

What is it?

Financial abuse in business is a serious form of family violence.

It happens when someone uses power to control regulate, exploit or sabotage their partner in a business context.

Financial abuse can include:

- A person's identity being used without their knowledge.
- Being coerced to sign documents or forced to borrow money.
- Being prevented from accessing business assets, information and finances.
- Having a business sabotaged.

It's a pattern of behaviour that may be happening at the same time as verbal or physical abuse.

Financial abuse in business as a form of family violence has flown **under the radar**.

How does it happen?

Through the lived experience of EACH clients, we've seen financial abuse in business present in many ways.

Examples include:

- Being made a director of a company without consent, with liability to Australian Securities and Investment Commission (ASIC) and Australian Tax Office (ATO).
- Signed as personal guarantor to business loans.
- Forced to take out credit cards or loans in their personal name for business use.
- Personal Tax File Number used by others to withdraw funds from the business.
- Assets illegally stripped or transferred from a business into another entity or to the perpetrator.
- Having a business sabotaged, account emails and passwords changed so they are not able to access the tools needed to run their business.
- Made to work in a family business for little to no remuneration.

Organisations like the ATO, ASIC, banks and creditors as well as accountants, and lawyers can often be used as tools to perpetrate financial abuse.

What are the impacts?

Financial abuse is one of the most powerful ways an abuser can keep a partner or family member trapped in an abusive relationship.

The impacts of this financial abuse are complex, costly and isolating.

- The onus is on the victim survivors of financial abuse to prove their innocence at their own cost.
- Resolution can take years. Some cases have needed more than 40 organisations to resolve the abuse.
- Retelling of the story can prolong trauma.
- The victim survivor pays back debts they are not liable for or enter bankruptcy.
- An impaired credit report then impacts on things like housing security, access to utilities, phone accounts and even employment opportunities.
- Impacts on eligibility for government benefits they are otherwise entitled to.
- Failure to declare salaries or Trust and Company dividends – which they may have never received – can result in ATO and Services Australia debts.
- When a business is sabotaged, it may never recover. Starting over again may be possible for some victim survivors, others may not have the financial or mental capacity to.
- Some business never trade and are used purely as a front to perpetrate tax fraud.

Why is the issue important to EACH?

EACH has a long history of supporting victim survivors of financial abuse.

This specific type of financial abuse – perpetrated through businesses – has gone unnoticed for too long. Our Family Violence Counsellors suspected it was happening, but people weren't presenting for assistance.

Thanks to the programs to support small businesses in COVID recovery, new pathways to access help were opened.

We've started to see an increase of cases. Currently, around 10 – 15 per cent of clients in our Partners in Wellbeing are financial abuse victim survivors.

Our approach to these cases has demonstrated success in resolving complex abuse, created new resolution pathways and is spearheading advocacy.

It has highlighted the need for a **National Response to Financial Abuse in Business**.

Statistics and data

Research conducted by Deloitte Access Economics on behalf of the Commonwealth Bank revealed the scale of financial abuse in Australia, estimating that:

- More than **600,000 people** have experienced financial abuse in the past 12-months.
- Impacting **one in 30 women** and **one in 50 men**.
- At a cost to victim survivors and the economy a combined **\$10 billion a year**.

Statistics on how prevalent financial abuse in business is are not currently available. There is very limited research on the issue.

Given family businesses comprise 67 per cent of all Australian businesses, the risks potentially extend to a significant number of Australian families.

Our project will lead to studies that put numbers and value on this type of abuse, so it no longer remains a hidden problem.

About EACH:

We employ 1,500 clinicians and other support staff, assisted by 200 volunteers, to deliver mental health, health and related services from 40 sites across Victoria, NSW, QLD and the ACT.

Our vision is that everyone has the power to live well.