

RELATIONSHIP PROBLEMS AND MONEY:

Women talk about financial abuse

wire

RESEARCH
REPORT

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Relationship Problems and Money: Women talk about financial abuse
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EXECUTIVE SUMMARY

Women's financial hardship and insecurity, caused by financial abuse in the context of family violence, is a serious concern, particularly considering the increasing feminisation of poverty in Australia. Financial abuse in intimate relationships is widespread and common, but because this form of abuse is deeply embedded in a complex web of social, gendered and personal beliefs and norms, it is often hidden and unrecognised, even by women who experience it. Financial abuse involves behaviours that 'control a woman's ability to acquire, use and maintain economic resources, threatening her economic security and potential for self-sufficiency'.¹

This project is driven by the need to better understand and address the serious and ongoing consequences of financial abuse in the lives of women and their children. In particular, it examines the barriers women face to building their financial independence and long-term security post-separation. More than two hundred women from across the social, cultural and income spectrum shared their stories in focus groups, interviews and an online survey for this project. They have provided rich and detailed insights into the nature and impacts of financial abuse, within their relationship and after separation. The report draws extensively on their direct accounts. The research literature shows that the majority of women (80–90 per cent) seeking support from domestic violence services have experienced financial abuse. Unlike previous research, this project intentionally included women who had not accessed these services and did not necessarily identify as experiencing family violence. This research further adds to our understanding about this issue through the inclusion of women whose household income was in a high bracket prior to their separation. This has resulted in insights into the hidden nature and diverse impacts of financial abuse on women's lives.

The nature of financial abuse

"He wasn't a gambler. He certainly wasn't having it off with some other woman because he was always right there. I stopped going to church and he stopped going because he missed me. No, I know he wasn't off spending it on something else but equally, I wasn't allowed to spend. It was just control I think. It wasn't that he wanted the money. He got me thinking I couldn't do a thing. I came into this relationship confident as anything. I was teaching adolescent boys and girls [commerce and economics] and at the end of the relationship I could scarcely drive myself anywhere. I could scarcely do a thing, he'd talked me right down...I mean, it was never 'you bloody idiot, you can't do a thing', it was always, 'I'll do it, you'll find it too hard'. And of course, everyone thinks he is the greatest man on earth and I'm the bastard for leaving him. I've lost everything. Friends? I've got no friends."

(Rosemary, 56, had been married for 30 years to her ex-husband, a company director, Melbourne)

This research reveals a range of financially abusive behaviours that are typically linked to psychological, emotional and/or physical abuse. The financially abusive former partners of the participants fall into three broad types: the controllers, who use a combination of abusive behaviours to exert their power over their family; the exploiters, who eschew all responsibility but also use a variety of forms of abuse to financially exploit their partner for their own financial needs; and the schemers, the men who had a specific plan to systematically steal the woman's financial resources and leave. Whilst the controllers and exploiters use financial abuse as part of a range of behaviours to control their partner and get their needs met within the relationship, the primary goal of the schemer is to use the relationship to take her money and assets. Whichever type of financial abuse the research participants experienced, the impact on their lives was devastating.

Over the course of the research, the women's stories constructed a vivid picture of the ways in which social and personal norms and values combine to create a platform for financial abuse in intimate relationships. These powerful influences work to hide financial abuse in plain sight. Social and personal beliefs about love and trust in intimate relationships mean these women trusted their partner to act in the best interests of their family. Traditional stereotypes about gender roles and attitudes to money make fertile ground for controlling, exploitative and abusive behaviours regarding finances. The women in this research graphically describe the confusion and mixed emotions they felt when their love and trust was betrayed. The psychological impact is evident as they speak of their loss of confidence, guilt and shame.

1. Financial abuse is defined in a number of ways. This definition by Adams et al (2008) cited by McDonald (2012) and Corrie & McGuire (2013) is adopted as it succinctly outlines of some of the specific behaviours. Financial abuse is a gendered issue – in an overwhelming majority of cases, men perpetrate financial abuse on their female partners (McDonald, 2012).

The impact of financial abuse

“Thank God I’ve got my parents who I had to move in with. Financially I’m so screwed I can’t even afford to put a roof over our heads, the way the rents are going. And my daughter goes to a public school but it’s a nice public school in [inner northern suburb]. We’re in the area, the kids have got friends; I’ve got my family support. I don’t want to move to another area. So I can’t buy; I can’t even rent there because he’s financially screwed me over. I’m starting to look for work.”

(Gina, 42, Melbourne. Her ex-husband has rarely paid child support. Gina worked in childcare before her children were born)

Without exception, the household income of all participants was reduced substantially after leaving their relationship. Almost half (44 per cent) had a household income of less than \$40,000 post-separation, with one in five of those earning less than \$20,000. When compared to household income during their relationship, just one in 20 women was on less than \$20,000 and around one in three had an income of more than \$100,000. Their low income affected the lives of these women (the overwhelming majority of whom - 60 per cent - were the primary parent) and their children in a variety of ways. Finding affordable, stable housing was a significant issue for most of the women. Almost half (43 per cent) were renting, and of these women one in three was in the private rental market, making them and their children vulnerable to rent increases and the uncertainties of tenancy. None of the women currently renting envisaged being able to afford to buy a home. Just 14 per cent of all research participants owned their own home and those paying off their homes worried about meeting mortgage repayments. This vulnerability in the housing market has the potential to increase as these women age, as evidenced by the increase in homelessness among older women in Australia (McFerran, 2010; Petersen & Parsell, 2014).

Structural disadvantages for women in the workplace, such as lower pay, a fragmented employment pattern and minimal superannuation, work against women's long-term financial security. These disadvantages are magnified among women who experience financial abuse. Indeed, many of the women in this study recount their difficulties in finding and maintaining well-paid work while managing childcare, as well as the stress and demands of dealing with their former partner. The majority of the participants (59 per cent) were in paid employment, however one in four of those had part-time or casual work. Most had tertiary qualifications, 55 per cent had bachelor or post-graduate degrees and 30 per cent had a diploma or certificate. However, because many of the women had been prevented from working during their relationship, they had to retrain or take lower paid, less skilled work when they returned to the workforce. Most reported that the psychological and emotional abuse they experienced in the relationship had damaged their confidence and self-esteem, making it difficult to seek work; for many, the stress and anxiety in their lives made it impossible to undertake paid work at all. It is significant that, despite the abuse they have been exposed to, particularly in relation to their financial skills, most of the participants consider themselves to be more competent with money than their former partner.

The ongoing consequences: post-separation financial abuse

“Thirteen years in court. I have lost my kids’ childhood because all I am doing is sitting on the computer writing legal documents.” **(Susan, 53, four children, Melbourne)**

“I remember I asked once for a reprieve from being constantly dragged back to court, so we could get on with our lives. But basically, everyone has the right to bring a case to court. So here we are 10 years down the track – he’s earning his millions and I am pretty much living from week to week. Couldn’t afford to continue with my studies, pretty much lost my career and I’m turning 52 next week...”
(Cathie, 52, one son aged 12, Melbourne)

The research undertaken for this report illuminates the ways in which the financial abuse of women by their former partners continues after separation. It is common for financially abusive men to use the legal, child and

EXECUTIVE SUMMARY

income support systems as a way of directly or indirectly controlling the woman and threatening her ongoing financial security and self-sufficiency. This practice has been identified in two previous studies (Branigan, 2004; Patrick, Cook & Taket, 2007). This report provides insights into the contemporary context of this post-separation financial abuse in light of reforms to state family violence protection laws and commonwealth family law that explicitly recognise financial (or economic) abuse within broader definitions of family violence. It also reveals the particular disadvantages experienced by women who are employed, who own or are paying off their home, and whose former partner has a higher income.

This systemic form of financial abuse, in which women are repeatedly forced back into the legal system to respond to disputed parenting arrangements, breaches of court orders, and non-compliance and frequent changes of assessment to minimise or avoid child support payments, is a common experience of participants in this study. One in four survey respondents report that their former partner 'dragged me through the courts for years'. The effect of these protracted dispute processes, whether intentional or indirect, is exhaustion of a woman's financial and psychological resources. The women in this study report feeling they have no choice or control over the course their lives have taken and report spending almost all their time at the mercy of their former partner's whims, preparing responses for and representing themselves at various tribunals and courts. They describe experiencing high anxiety, powerlessness and frustration as a result of this process, which replicates the experience of their abusive relationship. There appear to be no mechanisms within these systems to identify and prevent this practice of abuse.

This study finds that women with paid work, some assets and former partners with high incomes are more likely to be subjected to financial abuse through ongoing legal disputes over parenting and child support arrangements. The former partners with lower incomes are more likely to avoid paying child support altogether. In particular, women whose partners earn higher incomes experience:

- high legal costs that cause financial hardship – they are usually ineligible for Legal Aid and community legal services because they have an income and assets, such as a house or car;
- former partners who are more likely to contest court orders and minimise child support payments through strategies designed to hide or reduce income, such as through small businesses, family trusts and changes to business trading names; and
- high stress and anxiety caused by continual legal disputes and court appearances that require women to prepare and respond to documents, and often to represent themselves in court and tribunal hearings. The constant fear of losing their children and covering the costs of court-ordered psychologists and other specialists increases the pressure of participating in these processes.

This research identifies the need for greater access to low cost or free legal, financial and personal counselling services for women experiencing financial abuse in the context of family violence. It also highlights the need for mechanisms that identify and prevent the use of legal, child support and income support systems to perpetuate the financial abuse of women and children by their former partners and fathers. Options proposed to address this include: legislative reforms to strengthen the definition of financial (or economic) abuse; provisions for vexatious litigation applications where financial abuse is occurring and the adoption of a diagnostic screening tool for financial abuse to be routinely applied in the legal and banking systems, as well as by the Child Support Agency and Centrelink.

The need for general and specialist information and education about the nature and impact of financial abuse in the context of family violence

“Child Support don’t recognise [financial abuse]. They rang me, when he put in his claim to have his income reduced at the beginning of the year, they rang me the very next day to discuss it with me and I said, ‘Look, I have left this relationship because it was abusive and I believe that he is doing this to abuse me further and control me’ and they did not take any word of my conversation on board... [H]e provided no evidence of needing to take that reduction and when he put in the claim they didn’t ask for anything; they just took his word for it. They didn’t even listen to what I said. I think that was the worst thing, they didn’t even listen.” (Loren, 36, two children aged 4 and 2, Melbourne)

This research highlights the lack of awareness, understanding and recognition of financial abuse in the community generally. This means that not only are the women who are experiencing financial abuse unable to identify and address their situation, but also that there are no strategies in place for prevention and early intervention. Significantly, the lack of understanding among many of the key professionals, service providers and agencies engaging with women in this situation means that perpetrators are able to continue their abuse by using the systems that are in place to protect women from family violence.

This research reinforces the need for education and information about financial abuse in the context of family violence. As well as being directed at the general public, information should be specifically targeted at service providers, legal and health professionals and those working in relevant institutions, including banks and other financial services, real estate agencies, schools and child care facilities as well as government agencies such as the Child Support Agency and Centrelink. More accessible information for women about their options for escaping financial abuse is also required; so too education campaigns with a prevention and early intervention focus could be introduced in schools in conjunction with financial literacy skills.

The women who took part in this report identify a number of key findings about useful information in relation to access points and the types of information women need. These findings should usefully inform community campaigns and professional education materials. In particular, the use of examples of financially abusive behaviours is considered the most effective way of enabling women to identify their experience as financial abuse. An overwhelming majority of survey respondents - 73 per cent - nominate doctors’ surgeries as the best location for appropriate information about financial abuse; 47 per cent suggest banks. Face-to-face conversations with service providers, such as general practitioners, social workers, counsellors and crisis support workers are identified as the most effective way for providing information. This points to an increasingly important role for general practitioners and their staff in screening and supporting women experiencing financial abuse.

RECOMMENDATIONS

To address the significant negative financial, psychological and health consequences of financial abuse in the context of family violence on women and their children, this report recommends:

1. The Federal Government and State Governments:
 - a. make financial abuse in the context of family violence a priority area for family violence research, including the development of a diagnostic screening tool for financial abuse for use by key service providers, aimed at prevention, early intervention and later stage intervention strategies for combating financial abuse.
 - b. in collaboration with relevant national and state key stakeholders, as a matter of priority develop and implement a public information campaign about financial abuse using the full range of media technologies available.
 - c. assist women who are experiencing financial abuse to identify their situation by funding the provision of information about financial abuse and ensure this information is made available in a variety of access points, including targeted online searches and printed materials in a variety of locations such as doctors' surgeries, schools, childcare facilities, banks and other financial institutions. Information should use accessible language and formats and include, for example, the types of behaviours typical of financial abuse, case studies, early warning signals and prevention strategies. The information should be built into school- and community-based financial literacy programs and be included on financial literacy websites such as ASIC's MoneySmart.
2. Funding is made available to relevant professional bodies and government agencies to provide professional development and training on financial abuse as a form of family violence for key professionals and service providers, legal professionals, general practitioners and their staff, school principals and teachers, financial counsellors, bank personnel and financial advisors, and people working in the real estate and utilities industries.
3. Centrelink, the Child Support Agency and peak bodies for legal services and general practitioners adopt a diagnostic screening tool for financial abuse.

To improve women's access to support and advice services to address the impact of financial abuse in the context of family violence:

4. The Federal Government expand the number of rebates (up to 20) per calendar year available for individual services through the Better Access to Mental Health Care program for women who have experienced family violence, to increase access to free or low cost personal counselling services.
5. State Governments:
 - a. increase funding for financial counselling services to provide women who have experienced financial abuse with advice and advocacy, as well as assist the women to navigate the income and child support systems post-separation.
 - b. fund community legal services to provide forensic accounting services and make these services free or low cost for women experiencing financial abuse.
 - c. allocate a special funding grant to women's support services to help women experiencing financial abuse access free or low cost photocopying and assistance with online research and other facilities, thus reducing the financial burden of providing documentary evidence to courts and agencies and the legal costs and stress associated with self-representation.

6. The Federal Government and State Governments increase funding to support services in rural and regional areas to increase access for women who are experiencing financial abuse, including to personal and financial counselling services.

To increase access to and improve outcomes through the legal system:

7. The Federal Government and State Governments increase funding to Legal Aid and community legal services to enable the provision of specific legal advice and representation in family law matters that involve property where there is a history of family violence.
8. The Australian Law Reform Commission:
 - a. develops a diagnostic screening tool for financial abuse to be adopted as a routine assessment in family law and family violence matters, and reviews the specific inclusion of financial abuse on relevant application forms, such as family violence intervention orders.
 - b. undertakes a review of measures to protect a woman's financial security in cases where financial abuse occurs, such as amending state-based family violence protection legislation to allow Magistrates Courts to order the freezing of bank accounts to prevent transfer of funds and facilitate access to necessary financial documents.
 - c. considers legislative reform to strengthen vexatious litigation applications in cases where the legal system is being used as a mechanism of financial abuse.
 - d. considers expanding definitions and examples of financial abuse in the *Family Law Act 1975 (Cth)* and state and territory family violence protection laws to address the complexity and multifaceted nature of this form of family violence.
9. Peak legal bodies:
 - a. provide information about family law specialisation and the value of using family law solicitors who have an understanding of financial abuse in cases where there is a history of family violence.
 - b. regularly deliver programs of judicial development on the nature and impact of financial abuse, including the practice of systemic post-separation financial abuse, for legal professionals at all levels of the system, including judges, solicitors and barristers, and court staff.
 - c. provide forensic accounting services to clients with a history of financial abuse.

To strengthen the responses of the Child Support Agency and Centrelink to financial abuse:

10. The Federal Government introduce amendments to:
 - a. the *Child Support (Assessment) Act 1989* to make the requirements for changes of assessment more rigorous, particularly in reference to cases in which there is a history of family violence, and strengthen penalties for malicious or false requests for changes to assessment to minimise payments or frustrate the process.
 - b. the *Child Support (Registration and Collection) Act 1988* to increase the enforcement powers of the Child Support Agency and provide appropriate resourcing to enable the agency to enforce payment compliance.
 - c. the *Child Support (Registration and Collection) Act 1988* so that in situations of financial hardship (including where there has been a history of financial abuse) the three-month delay in pursuing non-payment of child support is reduced to one month in the case of repeat offenders.
 - d. relevant tax legislation to prevent the use of family trusts, businesses and other income minimisation strategies to avoid child support payments, and increase the powers of the Australian Taxation Office to investigate cases of income minimisation or avoidance in relation to child support payments.

RECOMMENDATIONS

- 11.** The Child Support Agency and Centrelink:
 - a. provide professional development training in family violence for all staff, as recommended by the Australian Law Reform Commission (2012), that specifically addresses the nature and impact of financial abuse and the behaviours associated with ongoing financial abuse through the child support system.
 - b. develop protocols and guidelines, and adopt a diagnostic screening process, for family violence that include specific references to financial abuse in order to identify, support and prevent ongoing financial abuse of women through these systems.
 - c. undertake steps to improve inter-agency co-ordination and communication, including, where possible, co-location.

- 12.** That the Family Courts, Child Support Agency and Centrelink make 'history of financial abuse' a key consideration in their policies, practices and assessments, to minimise opportunities for ongoing abuse and further financial and psychological suffering for women post-separation.

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