

Financial Harm

Key Messages

Financial harm is not a new phenomenon,^[1] however the growth in reporting of the issue internationally necessitates consideration of key emerging issues.

Research conducted internationally but also in the UK highlights financial harm as one of the more common forms of elder abuse^[2, 3]. Although existing prevalence studies have tended to focus on age, this is not an indication that other groups are unaffected,^[4] especially so in the case of adults at risk.

Financial harm is most often perpetrated in the home of the victim^[5] and perpetrators tend to be persons acting in a trusted capacity^[4]. Its detrimental effects, impacting both mental and physical health, are far reaching and cannot be overlooked.

Often accompanied by other forms of abuse, such as physical abuse or neglect,^[6] financial harm has a complex and diverse nature.

Raising awareness constitutes a core prevention strategy and an important first step for an effective response.

There is no specific Scottish definition of financial harm other than the fact it is recognised under S53(1) of the Adult Support and Protection (Scotland) Act 2007 in terms of defining one form of harm as, 'unlawful conduct which appropriates or adversely affects property, rights or interests (for example: theft, fraud, embezzlement or extortion'.^[7]

According to the the Department of Health, financial or material abuse can include: 'theft, fraud, exploitation, pressure in connection with will, property or inheritance or financial transactions or the misuse or misappropriation of property, possessions or benefits.'^[8]

Introduction

We would like to highlight three points that further complicate the picture as far as financial harm is concerned. First, the transferability of international research findings is not straightforward because of the differing definitions of financial harm used in different studies. Second, the majority of studies have focused on elder financial abuse and although their findings are helpful in highlighting issues for this age group, they may not be generalisable across affected groups. Finally, the available literature predominantly uses the term financial **abuse**; however, in the context of the Adult Support and Protection (Scotland) Act 2007,^[7] this briefing uses the term financial **harm**, which we believe better encompasses all aspects which relate to someone being unable to safeguard themselves, their property and their rights.

While acknowledging these points, we aim to introduce some of the key issues identified in the literature. Financial harm is a phenomenon that is gaining attention from policy makers and academics around the world. International agencies, such as the World Health Organisation, have expressed concern regarding financial harm and the reported connections to adverse physical and emotional consequences for victims while the term ‘financial violence’ has been used to emphasise the detrimental effects and forcefulness included^[2]. Financial harm may affect all age groups of adults at risk of harm; however findings suggest that older people and especially older people experiencing mental health issues^[10, 11] are at increased risk.

With the Scottish population expected to age significantly in the coming years^[9], there is a pressing need to increase awareness of financial harm in order facilitate recognition and appropriate response

Why is this issue important?

Extent of the problem

Financial harm has been highlighted as either the most, or second most common type of elder abuse by studies conducted internationally^[12, 13]. In the UK it was found that financial abuse was the second most common form of abuse after neglect^[14]. Financial abuse makes up approximately 25% of safeguarding referrals in England^[15]. In Scotland the data that would enable us to gather sufficient information to gauge the extent of the problem is not currently available. However, financial harm was one of the five national priority projects in 2013-2104 after being reported by the National Adult Protection Coordinator as an issue that required a national focus^[16].

Alarmingly, prevalence estimates are believed to be just the 'tip of the iceberg' as financial harm is hard to detect or identify^[11] and often goes unreported^[12]. In the case of adults with cognitive impairment, including dementia, the risk is greater^[17, 18] while the intersection of mental health, physical and social issues has also been found to increase vulnerability to financial harm^[19].

Impact of financial harm

Individual cases demonstrating a link between financial exploitation and adverse consequences can be found worldwide^[20, 21]. According to the Social Care Institute for Excellence (SCIE), the implications can be so serious that an affected adult with no prior need for social services may subsequently require support^[4]. SCIE go on to detail the extent of such impact including depression, stress, anxiety, loss of self-esteem, or decline in mental health. Loss in confidence to live independently, reduced life expectancy and loss of inheritance for future generations have also been noted^[15]. Victims of financial crime can suffer as much as those who are victims of violent crime^[21] and may be left socially isolated and more vulnerable to further exploitation^[22].

What does the research tell us?

Financial harm can involve the theft of money or material belongings, the fraudulent use of money or belongings, coercion and undue influence to relinquish money or property; it can also involve the improper use of a legal authority, such as a Power of Attorney^[23]. With regard to older people aged 65 or over, 68% of financial harm happens in their home.^[5] However, unlike other forms of abuse, it can be perpetrated remotely, where access to only the material assets is required^[23]. Research reports that financial harm is most frequently perpetrated by a person acting in a trusted capacity, most commonly a family member or, to a lesser extent, friends, neighbours or care workers/other professionals^[4]. Where the perpetrator is not known to the victim, as in cases of marketing or consumer fraud, common approaches include postal or electronic communications about foreign lotteries or sweepstakes, charity scams, romance scams or share sale fraud^[24]. Additional forms can include ‘bogus workmen’ activity or phishing (attempts to fraudulently obtain sensitive information e.g. bank account details)^[25]. Financial crime and financial harm could be seen as aspects of the same issue where crime is managed through legal systems and harm through social care systems. Financial crime has been reported as a threat to the UK economy. During 2009/2010 the cost of fraud to the UK economy was 38.4 billion^[4].

Understanding financial harm

Financial harm is a complex phenomenon, often intertwined with societal and cultural factors^[20]. Apart from financial gain, the motivation may be rooted in an expression of power and control over another. Some perpetrators, especially those in positions of trust, may also fail to appreciate that their actions amount to a crime; for example practitioners reported that families may not perceive their actions as harmful and may think it is acceptable to take money from their relative who may be at risk^[4]. Attitudes to the use of an elder’s assets may be influenced by expectations of intergenerational exchanges, inheritance or the need to provide for the carers’/helpers’ own future care and accommodation^[26]. Financial harm may be more likely to occur when: a family member has a financial need; has a sense of entitlement to the assets of the elder, and there is opportunity for the abuse to occur^[23]. Another factor that needs to be taken into account is that within families, individuals exercise power differently^[20]; adults experiencing disability and dependence are generally in a less powerful position than other family members, something that further complicates the picture. It has also been suggested that abusive partners might use control over financial resources as a way to exert power over their partner^[4].

Implications for practice

Financial harm can go unnoticed or unreported and as the Social Care Institute for Excellence notes “factors, such as the economy, technology and social change, are diversifying the threat”^[4,1]. Raising awareness of the complexities of financial harm constitutes a core prevention strategy and an important step in promoting change in attitudes and behaviour amongst all those working with adults at risk, the adults themselves and their family members^[27]. For example, health and social care professionals, staff of financial institutions, solicitors who advise clients that are or may be at risk of financial harm or postal workers who often handle financial transactions for local residents, need to be aware of current and potential future threats to in relation to financial harm. As with other forms of abuse, professionals need to be aware of the different forms and contexts within which financial harm occurs, to be able to suggest effective preventive measures.

This is especially pertinent since multiple forms of abuse may often co-occur. For example, Help the Aged^[6] found that financial abuse within families and communities may often be accompanied by other forms of abuse, such as physical abuse or neglect. There is also evidence in the literature that there is a link between financial abuse and domestic violence^[4]. Awareness of the issues relating to financial harm, a recognition of the extent of the problem as well as its far reaching consequences are the necessary first step for effective preventive strategic and efficient responses to be put in place. Work within the statutory sector is well established within the Adult Support and Protection (Scotland) Act 2007^[7], but outwith statute we feel links must be established with the private sector. In response to the recognition of the need for education and training of all those working with adults at risk of harm, WithScotland’s forthcoming briefings will focus on recognising and responding to financial harm.

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