

Action on financial abuse and banking

12-month snapshot, 7 December 2023

By Catherine Fitzpatrick
Adjunct Associate Professor
UNSW School of Social Sciences
Founder & Director, Flequity Ventures

Introduction

In November 2022, the Centre for Women's Economic Safety released *Designed to Disrupt: Reimagining banking products to improve financial safety*.¹

The discussion paper examined the opportunity to redesign financial products to make it harder for financially abusive customers to inflict harm on others. It made 12 recommendations that aimed to spark discussion with individual banks, the banking industry, regulators and consumer advocates about the role of the finance sector to disrupt abusers, in the same way as they tackle other financial harms. And it called for **action**.

Twelve months and more than 1,800 conversations later, it is evident the report struck a chord. To date, 13 Australian banks have published new terms and conditions (T&Cs) that make it clear that financial abuse is an unacceptable customer behaviour which may result in account suspension or closure. In response to our survey asking banks what action they've taken, a further 3 banks have disclosed they are working on financial abuse T&Cs which will go live over the next year.

This is globally leading action from Australian banks which directly addresses one of the key drivers of gendered violence. Tens of millions of customers have been told banks won't condone disrespectful and controlling behaviour, and they'll change their practices to explicitly forbid and censure it.

Never has it been more important.

Australian women experience economic abuse from a cohabitating partner at a similar rate to physical violence (16.3% compared with 16.9% in 2021-22).² While 81% of Australians are likely to recognise that financial abuse is always or usually a form of domestic violence, there is a need to continue to raise awareness of this tactic of coercive control.³

Evidence shows that one of the essential actions to prevent gendered violence is to challenge the condoning of violence against women.⁴ These changes to bank contracts are making it explicit – businesses won't tolerate the misuse of their products to cause financial harm.

However, few customers read the fine print of their bank accounts. Three banks have made public statements about the new terms and conditions which have resulted in media coverage – helping to trigger a public conversation about the weaponisation of bank products. The aim is to change perpetrator behaviour, not de-bank customers. It will be important for banks to communicate regularly and broadly to increase public awareness. And for the industry to move cautiously, consistently and collectively in order to protect victim-survivor safety and to respond to the inevitable backlash.

¹ [Designed to Disrupt: Reimagining banking products to prevent financial abuse](#), Centre for Women's Economic Safety, 2022

² [Personal Safety, Australia](#), Australian Bureau of Statistics, March 2023

³ National Community Attitudes, Australian National Research Organisation on Women's Safety, 2023

⁴ [Change the Story](#), Our Watch, 2021

Background

In March, I undertook a desktop review of the terms and conditions of the 20 Australian Banking Association (ABA) member banks to benchmark how financial abuse is addressed. The review focused solely on bank account T&Cs, and did not examine bank websites or other customer communication for information for customers experiencing domestic and family violence and financial abuse.

From this baseline, I have undertaken a second desktop review and expanded it to cover the T&Cs of both ABA and Customer Owned Banking Association members.

In addition, I sought the assistance of the ABA and COBA to survey members. Ten banks responded.

The survey asked whether the banks had:

- Committed to terms and conditions that describe financial abuse as an unacceptable behaviour
- Published financial abuse T&Cs
- Developed customer journey maps for customers experiencing domestic and financial abuse and the life events that may trigger or exacerbate financial abuse
- Undertaken a gender equity review of products and services to understand the outcomes for all genders and assess whether they are fair
- Develop a diagnostic screening tool for financial abuse to be used in credit applications
- Made changes to individual products in line with those recommended by the Designed to Disrupt paper
- Trained staff on financial safety by design.

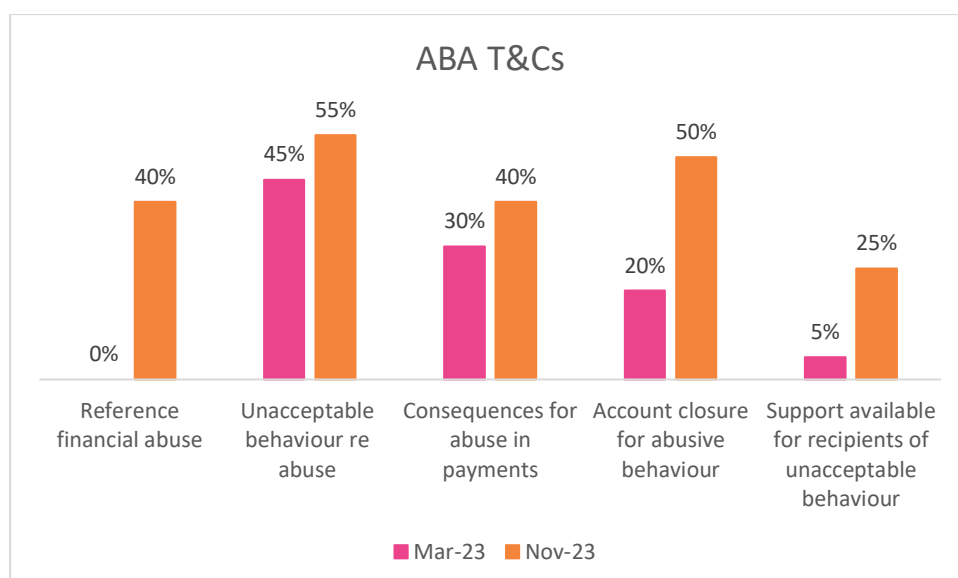
Given the low number of responses, this report focuses on financial abuse T&Cs.

Key findings

Financial abuse terms and conditions

- **13** Australian banks (**8** of the 20 ABA banks, **1** of their digital banks and **4** of the 56 COBA banks) reference financial abuse in terms and conditions – up from **0** in March 2023 (AMP Bank, ANZ, Bank of China, Commonwealth Bank, HSBC Bank Australia, MyState Bank, National Australia Bank, Westpac, Up Bank, Australian Unity, Central Murray, G&C Mutual Bank, IMB Bank)
- **11** of the ABA banks describe the misuse of payment descriptions to send abuse as unacceptable behaviour (AMP Bank, ANZ, Bank Australia, Bank of Queensland, Commonwealth Bank, HSBC Bank Australia, MyState Bank, National Australia Bank, Rabobank, Suncorp, Westpac)
- **8** ABA banks describe the consequences for misuse of payment descriptions to send abuse (AMP Bank, ANZ, Bank of Queensland, Commonwealth Bank, HSBC Bank Australia, National Australia Bank, Rabobank, Westpac), in addition to a standard clause related to PayTo functionality
- **38** COBA bank include a standard clause stating customers must not send threatening messages through electronic banking, focussing on PayTo functionality
- **10** ABA banks clearly describe that abusive behaviour is a reason for closing an account (AMP Bank, ANZ, Bank Australia, Bank of Queensland, Bendigo and Adelaide Bank, Commonwealth Bank, HSBC Bank Australia, MyState Bank, National Australia Bank, Westpac)
- **5** ABA banks describe support available for recipients of abusive/unacceptable conduct (AMP Bank, ANZ, HSBC Bank Australia, MyState Bank, National Australia Bank)

Chart 1: Financial abuse terms and conditions, ABA member banks



Discussion

It is encouraging to see the introduction of new financial abuse T&Cs from almost half of the ABA banks in less than a year.

Implementation will be complex, and the banks will need to proceed with caution. Financial abuse is hard to detect and there may be risks to victim-survivors if perpetrators blame them for the bank's action. An abuser may continue their behaviour at another bank. That's why it is important the whole industry moves, guided by the experience of victim-survivors and informed by the Council of Financial Regulators' de-banking policy recommendations on transparency and fairness measures.⁵

Legal advice prepared for CWES by Norton Rose Fulbright for the purpose of sharing with Australian banks, identifies a number of legal and operational considerations. These include:

- The obligation to suspect and processes to take action
- Unfair contracts regime
- De-banking policy recommendations
- Interaction of transaction and joint account terms and conditions with the National Consumer Credit Code, relevant Australian Financial Conduct Authority guideline, bank obligations as an Australian Financial Services Licensee, design and distribution obligations and the Privacy Act
- Customer processes and procedures
- Staff training
- Perpetrator engagement
- Victim-survivor consultation, mis-identification, support and safety
- Complaints
- Debt recovery
- Bank IT capability.

The ABA has engaged Flequity Ventures and CWES to facilitate a financial abuse roundtable to share example financial abuse terms and conditions for adoption across industry and discuss implementation issues. This should assist to drive consistency of approach across the sector.

⁵ [Potential Policy Responses to De-banking in Australia, Council of Financial Regulators](#), AUSTRAC, ACCC and the Attorney-General's Department, August 2022

Impact

Members of the CWES Lived Experience Advisory Panel provided examples of their own experiences to inform the *Designed to Disrupt* report and recommendations.

We invited them to provide their perspectives on what it means to them to see banks make these changes to T&Cs, and what they would like to see banks do next.

These are their responses.

“Seeing banks make changes makes me feel less isolated in my experience of financial abuse. Victims of financial abuse can do little to prevent this type of abuse. When banks step up to improve their terms and conditions, this helps to keep perpetrators front and centre. It gives victims of violence so much hope and reassurance that they are not fighting this battle in complete isolation. Australia’s big 4 banks have not only acknowledged they have a responsibility in relation to family violence in the form of financial abuse, they have demonstrated it by taking action.” – Lily

“The news about the banks’ inclusion of financial abuse in their Terms and Conditions is fantastic! It is very reassuring to know that the banks will now enforce a zero tolerance approach to any unwelcome attempts to continue the verbal and subsequent emotional abuse. I have to note however, I still get what I call ‘dog whistle’ messages in payment descriptions which might seem benign to everyone else. For example, he put ‘animal food’ when he transferred money when he knew damn well it was for my food, my living expenses, my bills. Moving forward, all banks should have a dedicated, ‘trauma informed’ Financial Abuse Customer Service team. I was lucky enough to find by accident, one contact at my bank who I spoke with... and she was an absolute blessing. She was compassionate and took time to understand my DV and financial abuse situation, helped me navigate across dealing with my credit card debt, mortgage, obtaining old bank statements for legal requirements and more... I am forever grateful for that lady.” – KN

“After years of having systems only recognise physical abuse it is empowering to see the recognition of coercive control and financial abuse recognised by major institutions like banks. It brings hope that there is systemic assistance to halt the damage the perpetrator can cause, and that they may even see a consequence for their actions. I would like to see a range of products with lower or no interest for women who have left with nothing, or who aren’t receiving support and need lines of credit to provide for themselves and their children. These products may allow for rental bonds, relocation costs etc.” – LT

“Banks are seen as entirely profit-driven and not community-minded. So if they're pioneering these important changes for the safety of their customers, it may stun other service-provider types into doing the same thing or better. One thing I'd like to see banks do is not close down so many physical branches as in some cases, potential abuse is hard to spot unless you see a person or a situation face to face. Lack of physical branches also means that older people have to grapple with banking technology for the first time, leaving them much more vulnerable to scams.” – SL

“Seeing the banks make these changes means I feel a sense of safety, security and support; that I matter and that the horrible experience I've been through can somehow be useful to help make changes to prevent the misuse and manipulation of gaps in banking systems and processes. I would like banks to consider the disadvantages that one party may be experiencing such as, the enormous earning disparity between the two ex-partners, if costs are higher for one person, that court proceedings may still be ongoing, and it is difficult to work in full capacity. I'd like to see victims' still have to opportunity to keep their family home if they choose, for instance by making repayments for mortgages to be less than what the bank would otherwise usually require, with more leniency, keeping in mind that the victim now has to rebuild their life.” – SC

“I'd like to see banks address hidden accounts across multiple banks that hide true incomes that directly calculate child support. That issue is linked to search laws under government - I think? So there needs to be a mechanism to stop the movement of money between banks, because as soon as you find who they are currently banking with, they shift banks and the guess game begins all over again. Not too sure how you stop that. Maybe banks could be notified that said person is under a financial control watch if they open a new bank account the banks must notify the child support dept.” – LF

Recommendations

We encourage all banks to learn from each other's terms and conditions and commit to:

- Describing financial abuse as an unacceptable customer behaviour
- Outlining the consequences for misusing products and services to inflict financial harm
- Including additional commentary relating to support for victim-survivors and customer service options
- Regularly publicising the financial abuse terms and conditions widely both individually and collectively as an industry
- Evaluating the impact of the new terms and conditions and associated communications.

Appendix 1: Examples of financial abuse T&Cs – ABA members

NAB (effective 4 November 2023)	ANZ (effective 6 October 2023)	WBC (effective 27 October 2023)
<p>We will investigate instances where we identify or are made aware that a product is being used in a financially abusive manner, including:</p> <p>Coercive or controlling behaviour to limit a person's access to or use of funds</p> <p>We may reasonably exercise our rights in this contract to suspend, cancel or deny an account holder's access to credit through redraw if we reasonably consider it appropriate to protect a customer or another person from financial abuse.</p>	<p>Financial abuse and inappropriate behaviour</p> <p>Bank accounts are no place for financial or other types of abuse and using them to do so can have serious impacts. You must not use the Accounts or the ANZ Plus App to engage in financial or other abuse, unlawful behaviour or to engage in offensive, threatening, defamatory, harassing or controlling behaviour. If you do you may be warned and we may take other action, including closing your Accounts. Read 'Closing Accounts' in 'Stopping and Closing'.</p> <p>If you are experiencing financial abuse and would like to discuss your options with us, you can contact us using one of the contact methods listed in 'How to contact us' in 'Getting in touch'. We also provide information about financial abuse on anz.com.</p>	<p>Closing your accounts</p> <p>We may also exercise our discretion to close accounts (and cancel any linked card(s)) or refuse to accept further deposits or allow further withdrawals after giving reasonable notice to you (and, we may also notify the authorised signatory/signatories) due to unsatisfactory conduct or for any other reason we deem appropriate such as: ... where we reasonably believe the use of an account has caused harm (for example financial abuse) to another person.</p>

CBA (effective 14 August 2023)	AMP (effective 9 November 2023)
<p>If we: ... - reasonably believe you or your Authorised Operator(s) may be using, have used or may plan to use a Safe Custody Facility in a manner which may cause us or any other person loss or harm (for example, in a way which may constitute Financial Abuse); ... then we may immediately: - refuse to establish a Safe Custody Facility; - refuse to allow you to authorise a person as an Authorised Operator for your Safe Custody Facility; refuse access to your Safe Custody Facility; suspend the provision of the Safe Custody Facility; refuse to return, deliver or produce the contents of your Safe Custody Facility; report you and/or your Authorised Operators and/or the contents of your Safe Custody Facility to regulators; - refuse to allow or facilitate access to any assets of yours held with us to be used or dealt with; or terminate our Agreement and close your Safe Custody Facility.</p> <p>... If we believe on reasonable grounds that you might not have authorised the instruction or to do so might cause loss or harm to you (for example, an instruction given to us may result in Financial Abuse) or us, we will not be obliged to comply with your instructions.</p> <p>Financial Abuse: A serious form of domestic and family violence that may occur through a pattern of control and results in exploitation or sabotage of money and finances which affects an individual's capacity to acquire, use and maintain economic well-being and which threatens their financial security and self-sufficiency.</p>	<p>A bank account is no place for abuse.</p> <p>You must not use My AMP or any of our products or other services to engage in conduct that, in our reasonable opinion is unlawful, bullying, harassing, defamatory, abusive or violent towards any person, threatens physical or mental harm towards any person or is inappropriate in any other way (unacceptable conduct).</p> <p>If we reasonable suspect that you are using My AMP or any of our other products or services to engage in unacceptable conduct, we may exercise our rights set out in condition 1.4 What happens if you breach these terms and conditions? where we reasonably consider doing so is necessary to protect another person from unacceptable conduct.</p> <p>If the unacceptable conduct is severe or repeated, we may reasonably close your accounts without giving notice.</p> <p>In some circumstances, we will report unacceptable conduct to law enforcement.</p> <p>If you experience unacceptable conduct, please contact us on 13 30 30. We will keep this confidential and may be able to assist by making changes to your account access arrangements or helping you to establish a new account.</p> <p>Domestic and family violence isn't always physical. It includes financial abuse which can involve removing access to money, manipulating financial decisions, or using someone's money without their consent. More information and supporting resources are available at https://www.amp.com.au/financial-abuse</p> <p>You may request the signing authority on your account to be set as 'any two to sign' or 'all to sign'. If you do, and we agree: – where we reasonably believe that a joint account holder is experiencing financial difficulty and has a pressing financial need, authorise us to act on requests made by that person to prevent or reduce the financial hardship they may experience.</p>

MyState Bank (effective 1 October 2023)	Bank of China (effective 9 November 2023)	HSBC (Australia) (effective 3 November 2023)	Up Bank (effective 9 November 2023)
<p>Financial abuse is a serious form of domestic and family violence that occurs when an abuser uses money and resources to gain power, and to control their partner or family member. Financial abuse can be extremely emotional and traumatic.</p> <p>If you or someone you know is suffering financial abuse, you can contact us for a confidential conversation on what options are available to you.</p> <p>Alternatively search Extra Care on mystate.com.au for further information.</p> <p>MyState has a zero tolerance for financial abuse by a MyState customer.</p>	<p>When we exercise a right or discretion under these Conditions of Use We will do it in a way that is fair and reasonable. This includes when We make changes to terms of these Conditions of Use or fees and charges. We can take a range of things into account when exercising our rights and discretions. These include Our legitimate business interests, Our regulatory and prudential obligations, Our obligations under Card scheme rules, our cost of doing business, the management of any risks (including sanctions risks), and the prevention of the misuse of Our facilities, including to prevent financial abuse or potential fraud or scams.</p>	<p>Our customers are important to us. This means that it is important that our products, accounts and online banking services are not used in a way that harms others or to perpetuate financial abuse.</p> <p>You must not use our products, accounts or online banking services in a manner which we determine on a reasonable basis does, or is likely to, result in financial abuse. This can include where your conduct: ... Is harassing, offensive, threatening, intimidating, abusive or caused or is likely to cause or encourage physical or mental harm to another person or promotes violence against any person, including customers of another bank.</p> <p>If all account holders agree, we can convert an account from joint names to a sole name ... however if a joint account holder is a victim of financial abuse, we may remove them from a joint account without requiring other account holders to agree to this</p>	<p>We may also restrict a 2Up account if: we are notified of or otherwise become aware of any dispute between the joint account holders affecting the account; we are notified or otherwise become aware of the bankruptcy of a joint account holder; or we consider it to be necessary to prevent financial harm or abuse.</p>

Appendix 2: Examples of financial abuse T&Cs – COBA members

Australian Unity (effective 9 November 2023)	G&C Mutual Bank (effective 2 June 2023)	IMB Bank (9 November 2023)	Central Murray Credit Union (effective 31 October 2023)
<p>We all may experience financial difficulty at some time. This may be related to, but not limited to: injury or illness, loss of employment or reduced income, a pandemic, natural disaster, relationship breakdown, domestic violence or financial abuse or gambling. We understand that some of our customers may face periods of financial difficulty. All customers are eligible to use our Financial Hardship Assistance Services. If you're experiencing financial difficulty, please contact us as soon as possible.</p> <p>When we exercise a right or discretion under these Conditions of Use We will do it in a way that is fair and reasonable. This includes when We make changes to terms of these Conditions of Use or fees and charges. We can take a range of things into account when exercising our rights and discretions. These include Our legitimate business interests, Our regulatory and prudential obligations, Our obligations under Card scheme rules, our cost of doing business, the management of any risks (including sanctions risks), and the prevention of the misuse of Our facilities, including to prevent financial abuse or potential fraud or scams.</p>	<p>We can delay, block, freeze or refuse a transaction or suspend an account, or suspend access to an account, without prior notice to you, where we believe: ... the transaction is not in the Account Holder's interest, (for example: where we think the Account Holder is in a vulnerable position due to illness, cognitive impairment, domestic violence, elder abuse, financial abuse or other similar circumstance)</p>	<p>Acting reasonably, having regard to our legitimate business interests, We may in some circumstances suspend your access to one or more of your Accounts without prior notice, including but not limited to where: ...</p> <p>We have reasonable grounds to believe that there is a fraud or financial abuse risk associated with the continued use of your Account;</p> <p>We may prevent access to the Account in this way until We are reasonably satisfied that the fraud or financial abuse risk has been mitigated, the dispute has been resolved or until We, in our discretion but acting reasonably having regard to our legitimate business interests and the security of the Account, otherwise decide that normal access should be restored.</p>	<p>We can delay, block, freeze or refuse a transaction or suspend an account, or suspend access to an account, without prior notice to you, where we believe: ... the transaction is not in the Account Holder's interest, (for example where we think the Account Holder is in a vulnerable position due to illness, cognitive impairment, domestic violence, elder abuse, financial abuse or other similar circumstances)</p>

Appendix 3: Examples of financial abuse T&Cs – International

Lloyds Bank (effective 1 August 2023)	HSBC UK (effective 23 November 2021)
<p>If you want to remove or change one or more account holders or authorise someone else to operate the account, usually you must all agree to this. If a joint account holder is the victim of domestic or financial abuse we may agree to a request from them to be removed from a joint account without the agreement of other account holders.</p>	<p>account holders agree, we can convert an account from joint names to a sole name ... however if a joint account holder is a victim of financial abuse, we may remove them from a joint account without requiring other account holders to agree to this</p>