

Financial abuse of the elderly

June 2015

We sometimes receive complaints involving the financial affairs and wishes of older family members.

With advancing years, some people become increasingly dependent on others to help them manage their personal and financial affairs. Sadly, this increasing reliance can put them at greater risk of financial abuse – and often from the people they trust most: relatives and caregivers.

Financial abuse often takes the form of misuse of, or theft from, bank accounts, so banks have a stake in ensuring their customers are protected from such risks. But individuals, too, have a responsibility to protect themselves – and their loved ones – from the possibility of financial abuse.

How can I protect myself from financial abuse?

It may be a good idea to appoint an enduring power of attorney to act on your behalf in the event you become incapacitated in the future. The existence of an enduring power of attorney will not stop you from acting on your own behalf. Usually it will only be used should you become unable to act for yourself.

Debit and credit card security

Remember to keep your debit and credit cards in a safe place and make sure that no one can access or knows your PIN number. Read more information in our [Quick Guide on Looking after your credit and debit cards and PINs](#).

Account protection

As a practical measure, you could consider rearranging your accounts so that you only keep limited funds to cover day-to-day expenses in an easy access account, with more substantial funds in a different account not accessed by EFTPOS or ATM. If you then become incapacitated, even for a short time, you can limit possible loss from your account if you have to rely on someone else's help (for example to buy groceries).

Scams

Scams are increasingly common and sophisticated. Bank customers need to be vigilant to ensure they don't become a victim and lose money. Everybody is a potential scamming target but elderly people are

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targeted more often. We receive complaints from elderly people who have lost money to scammers but we're also aware many people do not complaint – either to us, their bank or the police. We investigate the circumstances of these cases to determine whether the customer or bank is liable for the losses.

- Make sure you know who you're dealing with. Do an internet search and look for reviews, check [Consumer Affairs' scam alert website](#), ask for a physical address you can check, and look the company up on the [Companies register](#)
- Check with someone independent and trustworthy before you commit to anything
- Do not give out account details unless the business is established and trusted
- Never accept money into your account for subsequent transfer to others
- Never give out your password for internet banking
- Check your accounts regularly to ensure money is only going to the right places
- Report any likely scams to your bank and [Consumer Affairs](#) via its website
- If you are emailing somebody about financial matters involving transferring money, check the arrangements with the person using a means of communication other than email. Each year we receive complaints from people who have lost money through email accounts being hacked and fraudsters assuming the identities of others
- Contact your bank immediately if you suspect you have been scammed. It may be able to reverse the charges but it may not be able to if you have authorised the payment.

Read more about keeping your finances safe in our [Quick Guide on Common scams targeting bank customers](#).

What if I feel under pressure to hand over funds to a family member or caregiver?

If you are feeling unduly pressured to give someone else access to your accounts, contact your local bank branch and let them know. Your bank will be able to give advice on how best to protect yourself and your assets. It will also alert your bank to question or look out for any unusual activity on your accounts.

What if I suspect an elderly friend or relative is the subject of financial abuse?

Without a power of attorney, a bank may be restricted in what it can do about a concern raised by a third party. However, drawing such a concern to the bank's attention will at least put it on notice that its customer may be vulnerable and that accounts need to be monitored for unusual activity.

Where can I go for more information?

A number of organisations can help with issues affecting the older person:

- The Office for Senior Citizens www.osc.govt.nz
- Age Concern www.ageconcern.org.nz

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- The Retirement Commission www.sorted.org.nz

Our [Quick Guide on Common scams targeting bank customers](#) also has useful information to keep your banking secure.

Case note 1

Mr J complained to us that an instruction to add him as an account owner on all his wife's accounts had not been carried out by the bank.

The complaint stemmed from when Mrs J was terminally ill in hospital. The bank noticed Mr J had attempted to access one of his wife's bank accounts which he wasn't authorised to operate. It arranged for him to be added as an account holder. The bank arranged for the forms to be signed by Mrs J and witnessed in hospital.

Soon after, Mrs J passed away. Mr J discovered he had only been added as an account holder for one account, not his wife's term deposits. This meant those funds formed part of Mrs J's estate and he would probably have to go to court to determine which family members were entitled to the money. If he had been added as an account holder to the term deposits as well, he would automatically have become the funds' owner when his wife died.

Mr J complained he had asked the bank to add him to all accounts and it had not. The bank maintained it was only instructed to add Mr J to the transactional account, and only Mrs J could authorise him being added to her accounts.

We reviewed the account mandate Mrs J signed and noted only the transactional account was listed to be changed to joint. We told Mr J it was unlikely we could consider the bank had failed to follow Mrs J's instructions. Mr J accepted this and the case was closed.

Case note 2

Representatives of Mr B's estate complained to us that his personal bank account had been made joint with his wife shortly before he died.

Mr B was an elderly customer who had married a second time late in life. He had agreed with his wife his cash was to remain his own separate property. He also had a will under which he left his bank account funds to his children and grandchildren.

Mr B became unwell and was admitted to hospital. While he was there the bank received a note which he appeared to have signed. It said he would like his wife to be "named" on his account. The bank had no record of how it received the note, but treated it as an instruction to make his wife a joint account holder. This meant when Mr B died \$68,000 passed to his wife instead of being distributed under the terms of his will.

Mr B's estate's representatives noted he was in hospital when the account was changed, and that the bank had not contacted him to verify the instruction. They suggested Mr B had intended to make his wife an account signatory, not joint owner.

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We found the bank didn't have a reasonable basis for believing it had instructions from Mr B. It should have taken steps to verify the source and meaning of the note.

We also concluded the reasonable inference to draw was that Mr B hadn't intended changing the account's ownership. We recommended the bank pay Mr B's estate \$68,000, plus a further \$6,000 to recognise the costs incurred in pursuing the complaint. Both parties accepted this outcome.

How to contact us

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