

# Restoring Financial Safety: responding to economic abuse

Skye Hawkins

**WEstjustice**  
Western Community Legal Centre

A *collaborative* project designed to deliver holistic service delivery to victim-survivors of family violence.

Assisting with legal, *financial* and family violence support.

# Project model:



We have assisted 54 family violence  
victims/survivors and their **62**  
**children**

Successfully provided over  
**\$200,000** of debt relief

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**Karen's Story:**  
A Human Line of Credit

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*Our vision for the future: to see or project replicated throughout other Australian community legal centers.*

*Cross sector collaboration to prevent the financial inequality that exists for family violence victim/survivors.*

## Non debt issues we've assisted with:

*Assisted directly or made referrals for.*

- *Police matters – IVO's, criminal matters*
- *Victims of crime applications*
- *Immigration matters*
- *Divorce*
- *Family law*
- *Employment law*
- *Tenancy law*
- *Family violence support*

# The challenges we've been facing

- *Mental health issues, vulnerability & client disengagement*
- *Government departments; Centrelink, Department of Housing & Police issues*
- *Reluctance to remove **default** listings*
- ***Joint debt***
- *Insurance issues*
- *Reluctance to waive debt when **still connected** to the utility provider*
- *Inconsistent outcomes*
- ***Funding***
- *Over burdened & dysfunctional judicial system*

## Areas of debt we have been able to assist with:

- *General debt – personal loans, credit cards, mortgages, pay day loans etc*
- *Department of housing debt*
- *Centrelink debt*
- *Debt collection*
- *Utility & telco debt*
- *Insurance issues*
- *Education – Student fees*
- *Fines*
- *Mortgage hardship*
- *Council rates*
- *Tenancy issues*
- *ATO debt*

# Mercedes' story

# Step 5: McAuley Service

- Partnership and early intervention
- Holistic help
- Capacity and time
- Ongoing support from caseworkers

### 3. Running an economic abuse case

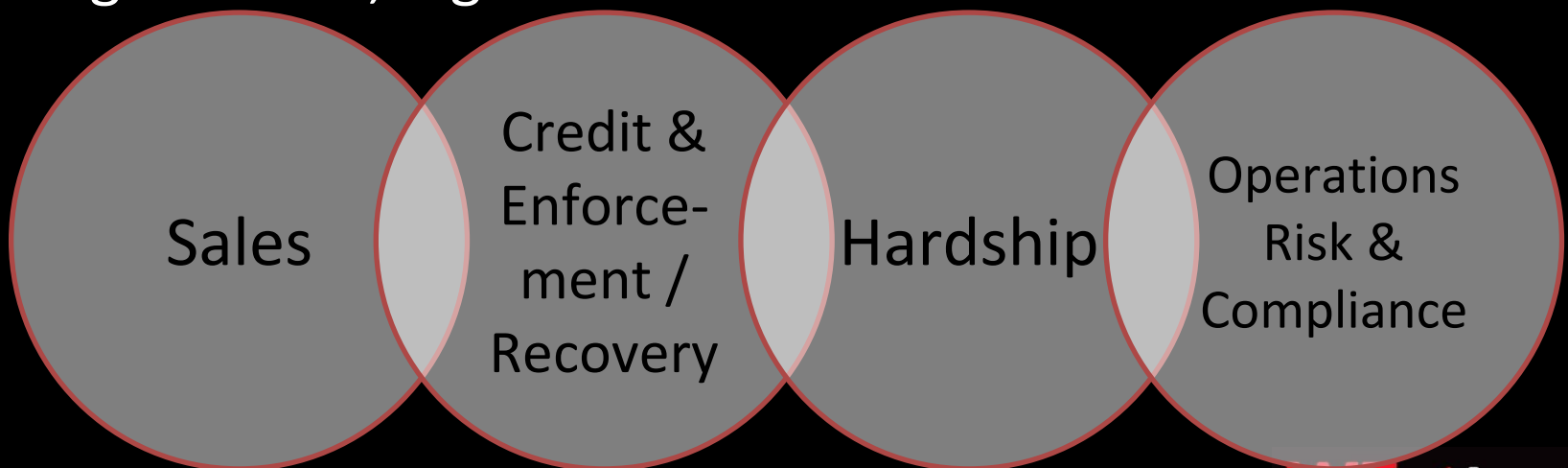


# Audience questions

- *Do you have any examples you can share of dealing with companies for your clients?*

# Working with creditors

- The law, industry guidelines / codes and institutions' own policies require institutions to provide assistance to clients experiencing hardship *in most cases*
- Major creditors e.g. banks, energy companies, debt collectors have hardship teams – very different to “recovery” or “sales” teams
- Outcomes can depend on who you reach within an organisation, e.g.:



# Working with creditors

- Where does family violence sit with hardship?
  - New territory: e.g. ABA draft guideline
  - Restoring Financial Safety tackling issue, creating system for community sector and creditors to work better together
  - Increasingly, family violence will be a form of hardship
  - It's complicated!! family violence may be hardship, but it could also mean a contract should be cancelled
  - You're not alone!! This is the bread and butter of financial counsellors and community lawyers



# Working with creditors

- Options depend on the creditor, e.g. when the loan was taken out and your client's circumstances
- Companies have a range of options for hardship; some utility and phone companies also have ongoing hardship programs
- Financial counsellors/consumer lawyers are trained to work out what's best for clients and negotiate with creditors
- Options can include:
  - More time to pay, time to refinance or borrow money
  - Period of no interest
  - Reduction in overall debt or payments
  - Hardship programs, e.g. payment matching, Utility Relief Grants and supply of energy efficient appliances
  - Cancellation of debt or client's share of debt
- Client may have other legal rights or ways to pay: insurance claim, access to DSP, cancel debt, "judgment proof"

# Jennifer and Stephen

- Returning Jennifer and Stephen:

*During their relationship, the couple combined their individual car loans into one joint loan to reduce overall repayments. Once separated, Stephen refused to contribute to the repayments, leaving Jennifer servicing the debt of \$18,000. Stephen had no interest in paying off the loan – he was not working and already had a damaged credit rating.*

*Jennifer however wanted to protect her credit rating. She continued to pay the loan for a car even though Stephen had taken it. She was not even sure if the car was registered.*

*Question – What might be some of Jennifer's options?*

# Audience Questions

*Discuss in pairs:*

- a. Is it OK to tell a creditor about your client's family violence?*
- b. What are the benefits and drawbacks of doing so?*

# Branko and Milena

*Branko and Milena were married just before Milena arrived in Australia. Branko was extremely violent, physically, toward Milena, but Milena felt she had no option but to stay with Branko.*

*Branko took Milena to sign some documents at the bank. Milena didn't read, write or understand English. She thought the loan was for a family account. The bank representative tried to speak with Milena but she couldn't answer the questions.*

*Milena never really knew what the account was for and had no control over it.*

# Branko and Milena contd.

*It turned out Milena had signed a loan agreement for \$16,000 for a car. Milena doesn't have a licence and her mother-in-law had the use of the car for her own purposes. The paperwork contained much false information about income levels and employment history.*

*Milena eventually left Branko, but then the calls and letters from debt collectors began, pursuing the \$16,000 plus costs and interest. Milena was also threatened with legal action.*

## *Questions*

- a. What are some differences between Milena's and Jennifer's situations?*
- b. What do you think would happen in this situation?*
- c. How would you help Milena?*



# 5. Recap

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# Recap

- Economic abuse is gaining attention and industry is taking action to assist victims
- Economic abuse is difficult to identify, can be tricky to resolve and has long lasting, perverse impacts for victims
- There are a broad range of issues a client may need resolved for financial security
- Many of these issues are covered in the Checklist
- Please refer clients to us for help with financial issues arising out of a family violence situation

# Recap

- You are not expected to be an expert in working with creditors or financial hardship: support workers, financial counsellors and lawyers can work together better to help clients with financial security
- Restoring Financial Safety helps community organisations and institutions work better together on family violence and financial security issues

# Thank you!

**Contact:** Stephanie Tonkin  
Principal Lawyer  
WEstjustice  
(03) 9216 0024  
[Stephanie@westjustice.org.au](mailto:Stephanie@westjustice.org.au)

## Useful contacts and resources (see also Checklist):

- National Debt Helpline 1800 007 007 <http://www.ndh.org.au/>
- Victoria Legal Aid 1300 792 387 [www.legalaid.vic.gov.au](http://www.legalaid.vic.gov.au)
- Federation of Community Legal Centres (03) 9652 1500  
<http://www.communitylaw.org.au/>
- Consumer Action Law Centre (03) 9670 5088  
<http://consumeraction.org.au/>