

From Control to Financial Freedom

Empowering victim-survivors on their journey from economic abuse to financial independence



Executive summary

May 2024

Domestic, economic and financial abuse is a recognised driver of vulnerability and UK Finance members have been working with specialist domestic and economic abuse charities since 2016 to develop an understanding of the challenges that victim-survivors face.

Since then, the industry has shared best practice, driven consistency and improved consumer outcomes for those impacted by domestic and economic abuse.

The Financial Abuse Code is acknowledged as best practice internationally and within the Domestic Abuse and Serious Crime Act (Controlling and Coercive Behaviour) Statutory Guidance. Launched in December 2021, 29 firms covering 39 brands committed to implementing the Code which incorporated a series of 'Debt Principles' for the first time.

This early work and further feedback from specialist charities, highlighted the need to undertake a detailed piece of work covering three complex issues that victim-survivors find particularly challenging to navigate on their journey to achieving financial independence and economic security: controlling or coercive behaviour and debt; separation of joint secured borrowing and abusive payment references (sent via the Faster Payments System).

Our deep dive, guided by principles of survivor-safety, impartiality, light-touch information provision and proportionality, explores the challenges faced by victim-survivors, leading to the identification of a series of recommendations with supporting actions, focused on taking back control, achieving financial stability and independence, and realising their financial ambitions.

Controlling or coercive behaviour and debt

Abusers use controlling and/or coercive behaviour to obtain financial benefit by forcing victim-survivors to apply for or utilise existing credit lines. Surviving Economic Abuse's research suggests that on average victim-survivors have accrued debts of £27k split across five creditors¹ and the consequences often outlast the relationship due to liability for the debts being in their sole name and the subsequent impact on their individual credit report.

As a result of our work, it is clear that balancing the needs of all parties whilst adopting a 'victim-led', safety-first approach is extremely difficult in the current legal and regulatory environment and a new approach is required. To make significant progress on this issue, Government needs to convene a task force to take forward the actions that have been identified in a coordinated, timely manner – otherwise victim-survivors will continue to be impacted by the actions of the abuser.

Separation of joint secured debt

There is no legislative or regulatory guidance available to separate unsecured debts (for example loans and overdrafts) without an agreement or Financial Remedy Order, which needs to be addressed by the forthcoming Consumer Credit Act Review.

The separation of secured debt (or mortgages) introduces further complexity and a broader range of stakeholders for the victim-survivor to engage with including the legal sector (family and property) and the Courts. Through close engagement with domestic abuse charities, our legal partners and members of the Resolution Foundation, we've identified a series of issues which need to be addressed to collectively disrupt abusers' behaviours, provide the necessary professional support to pursue a legal separation of finances and enable the Courts' decisions (Financial Remedy Orders) to be implemented.

Abusive payment references sent via the Faster Payments System

In an attempt to maintain control over their partner, abusers are increasingly using references in faster payments to send abusive phrases or messages to the payment recipient. This abuse can take several forms: expletives, “leet speak” and/or string messages which due to their contextual nature can be very difficult for payment providers to identify. Efforts have been focused on learning from other jurisdictions, exploring technical solutions and developing industry guidance which considers the actions that should be taken to disincentivise this type of behaviour. Unfortunately, under current legislation Basic Bank Accounts could provide a safe harbour for abusers as they can only be closed if the account holder’s conduct to a member of a staff constitutes one of several offences specified.

To disrupt this form of economic abuse we believe firms should have the flexibility to apply the same approach to situations where the account holder perpetrates economic abuse against another customer.

The fact we have identified 26 specific actions that need to be progressed to deliver improved consumer outcomes for victim-survivors in itself underlines the complexity of the issues covered in the report. To make a significant, positive impact on the lives of some of the most vulnerable members of our society, and hold abusers to account, we need all relevant stakeholders to commit to work alongside UK Finance and each other to deliver on these actions.

Recommendations and specific actions

Recommendation	Details
Recommendation One Enhanced, victim-led prevention of economic and financial abuse.	Public awareness of domestic and economic abuse has increased significantly in recent years, but there is still more work to be done. Working together, we must continue to raise awareness, encourage victim-survivors to seek help and explore ways in which we can identify and support individuals that may be impacted by this ‘hidden crime’. It is also important to explore how financial services firms’ customer journeys can be enhanced; developing safe ways to introduce positive, victim-led friction, which is not circumventable, thereby reducing the abuser’s opportunity to perpetrate economic abuse.
Recommendation Two An ecosystem response that delivers effective, co-ordinated, tailored support to the victim-survivor’s needs across public and private sectors.	The journey towards financial independence and economic safety is often complex and requires the victim-survivor to engage with multiple public and private organisations. This can be extremely challenging, and it is vital that consideration is given to how existing best practice can be leveraged, and new approaches developed, in order to provide a customer centric, multi-agency response to the victim-survivor’s needs.
Recommendation Three Effective legal support which gives victim-survivors the confidence to pursue a fair, legal separation of their financial affairs.	Separating an individual’s financial affairs is complex and varies according to the individual’s relationship status and financial circumstances. For victim-survivors of economic abuse, the magnitude of the challenge is increased significantly due to the imbalance of power between the victim-survivor and the abuser. It is therefore critical that barriers that would discourage a victim-survivor from seeking support are removed and that they have access to professional support and advice which enables the victim-survivor to have the confidence and capability to safely pursue a fair separation of the financial affairs (including any assets and debts) and signposts the actions required to discharge the terms of the financial settlement.

Recommendation	Details
<p>Recommendation Four</p> <p>Effective reporting and criminal prosecution processes deliver timely economic justice to victim-survivors and disincentivise future economic abuse.</p>	<p>The Domestic Abuse Act (2021) recognises Economic Abuse as a form of abuse and the Serious Crime Act Controlling and Coercive Behaviour Offence provides the route to pursue a criminal prosecution. However, Surviving Economic Abuse’s Seen but Sidelined Report, makes it clear that very few cases have been reported to law enforcement and even fewer have resulted in a successful prosecution. Having considered the existing legal framework, we believe mechanisms exist that could be leveraged to support enhanced reporting of suspected controlling and/or coercive behaviour by financial services firms, but the needs and safety of the victim-survivor are paramount and must come first. In line with principles that we agreed at the outset of this piece of work, we strongly believe reporting of the suspected controlling and/or coercive behaviour on behalf of the potential victim should only take place with the customer’s consent and without creating legal and regulatory risk for firms under existing regulations. It should also be recognised that whilst we are supportive of holding perpetrators of economic abuse to account, lenders have a duty to treat both parties fairly and under the law no offence has been committed until there is a successful prosecution. A Government Task Force is needed to bring together the diverse range of stakeholders to consider the findings and recommendations of this report so that a new approach which delivers timely economic justice can be developed and operationalised.</p>
<p>Recommendation Five</p> <p>Policy change to better support victim-survivors</p>	<p>During our consideration of the three complex issues covered in this report, we have identified a number of enhancements that could be made to existing legislation, regulation and firms’ policies in order to provide better support and outcomes to victim-survivors. In some cases, reviews are already in train, so we need to capitalise on those opportunities to effect impactful change. We are asking the Payment Systems Regulator (PSR) to change the Basic Bank Account Regulations so that Basic Bank Account holders are treated in the same way irrespective of whether they are abusive to a customer or a frontline member of staff. The Consumer Credit Act (1974) Review provides an opportunity to issue guidance to firms on how to deliver good outcomes to both parties when separating unsecured credit products where there is no customer agreement or Court Order. Under the Consumer Duty firms are required to consider how their actions may create foreseeable harm and we have explored how UK Finance members can support victim-survivors who wish to remain in their homes. Current FCA Mortgage Conduct of Business (MCOB) rules provide firms with the ability to be flexible when considering the various types of income that can be used to assess affordability and to ensure victim-survivor’s mortgage contracts are affordable. The MCOB rules enable mortgage lenders to consider a wide range of income sources for mortgage borrowers, we would encourage mortgage lenders to consider reviewing their current lending policies to consider (in certain circumstances) whether a temporary, and agreed, period of adjustment may be appropriate when a victim-survivor is looking to become the sole borrower on an existing joint mortgage.</p>

You can download the full report on our website here

