EARG
ECONOMIC ABUSE REFERENCE GROUP

MONASH University

Redfern Legal Centre

Coerced Business Debts

Uncovering Hidden Harms from Economic Abuse

Dr Vivien Chen

Associate Professor
Department of Business Law and Taxation
Monash Business School
Monash University

Jasmine Opdam

Senior Policy and Advocacy Officer
Financial Abuse Service NSW
Redfern Legal Centre

Coordinator
Economic Abuse Reference Group

August 2025

Contents

Synopsis 2

Preface 3

Methodology 3

Part 1: Coerced Business Debts 5

A. How are victim survivors coerced into business debts? 5

B. Impacts 8

C. Challenges resolving coerced business debts 11

Part 2: Systemic issues 14

A. Professional advice 15

B. Bankruptcy 16

C. Tax 17

Part 3: Intersectionality 17

A. Cultural and linguistic diversity 17

B. Regional communities 18

C. Vulnerability 18

Part 4: Responses & Recommendations 19

A. Funding for specialist support services 19

B. Prevention and early detection 20

C. Expanding consumer protections and dispute resolution pathways 22

D. Legislative reform 22

Appendix 25

COERCED BUSINESS DEBTS: UNCOVERING HIDDEN HARMS FROM ECONOMIC ABUSE

Insights from frontline practitioners on financial harms, service gaps and systemic barriers to justice

Synopsis

- Victim survivors who experience coerced business debts are mostly women. Many discover the extent of their liabilities after the relationship has broken down, when they are contacted by debt collectors, and are often shocked by how extensive these debts are. They often don't realise that what they're experiencing is financial abuse.

- Business debts differ from personal debts in volume, legal protections and collection processes. Personal debts[1] are regulated by stringent consumer protection laws, and debtors have the benefits of free external dispute resolution, financial hardship relief, debt collection guidelines and family violence policies. In comparison, business debts[2] lack these protections and are generally subject to more aggressive debt collection, including in court.

- For some victim survivors, economic abuse escalates when they leave the perpetrator, who retaliates by using existing business structures to coerce victim survivors into debt. At times, the abuse is perpetrated post-separation, particularly in the context of child support.

- Many victim survivors are 'incredibly overwhelmed', yet very few free services assist with business debts as they often require specialist expertise in corporations law, insolvency law and tax law. The lack of affordable help and poor recognition of financial abuse, including among victim survivors, contribute to the relative 'invisibility' of economic abuse through coerced business debts. Despite this, many services that are unable to assist with business debts still encounter victim survivors who struggle with business debts – often when seeking assistance with bankruptcy proceedings, financial hardship, or debt collection by the Australian Tax Office (ATO) or other creditors.[3]

- Many creditors are far less willing to consider family violence where business debts are involved. Business lending lacks the legal protections and free dispute resolution processes that apply to consumer lending, leaving victim survivors with few options for relief. Even in cases where victim survivors have legal grounds for redress, court proceedings are unaffordable, and most victim survivors cannot access free legal assistance for business debts.

- The lack of affordable assistance leaves victim survivors to self-advocate in very challenging circumstances while fleeing violence, dealing with family law parenting and property settlement proceedings, seeking secure housing and trying to rebuild their lives.

- The harmful impacts of coerced business debts are severe and long-lasting, but with appropriate intervention, there is potential to improve outcomes for victim survivors. A scenario that was reiterated across multiple interviews is summarised in the following quote:

  Economic abuse permeates the work that we do, unfortunately, and we see it in the context of being coerced into loans, sometimes for the benefit of the other party, sometimes for a business venture. The biggest problem that we find is that where the lender is a commercial lender, the aggrieved party whom we're assisting can't go to AFCA. It's really unfortunate. There are tax implications… Usually, the husband's disappeared, and the wife discovers she's the director of a company, and has given personal guarantees. With commercial lenders chasing the client – it's hard. They're not as inclined to deal with issues around domestic and family violence and the subtleties of coercive control and economic abuse.[4]

[1] Personal debts are obligations incurred by individual consumers for private purposes, such as credit cards, personal loans, utilities accounts and mortgages.
[2] Business debts are obligations incurred by businesses such as supply invoices, commercial loans or tax liabilities, which often transfer to individuals by way of personal guarantees or director penalties.
[3] 'Often you see personal financial trouble presenting as a result of small business and other types of business financial arrangements that people have been pressured into': Group 3, Interviewee 1.
[4] Group 3, Interviewee 2.

Preface

Economic abuse is a poorly recognised form of family violence that has far-reaching consequences for victim survivors and their children. Even less is known about how it is perpetrated through business debts. In March 2025, a media report raised concerns over a victim survivor being left with coerced debts from her ex-partner's business amounting to $12 million.[5] The lack of safeguards against financial abuse in existing financial regulatory frameworks was highlighted by the Parliamentary Joint Committee on Corporations and Financial Services' report released in December 2024, *Financial Abuse: An Insidious Form of Domestic Violence*.[6]

We conducted this study in response to requests by government agencies for more information on economic abuse through business debts and company directorships. To bridge the gap in knowledge, we interviewed professionals who have gained in-depth understanding of victim survivors' lived experience through their casework. In this report, we share insights from the interviews. While we make brief references to legal frameworks in this report, we leave aside doctrinal analysis of these laws and normative claims for a forthcoming co-authored article. Analyses relating to the adequacy of various laws that intersect with coerced business debts are explored elsewhere, in publications and submissions by the authors and colleagues, and will likely be the subject of future research.[7]

The insights from the field are only made possible through the dedication and generosity of our colleagues at Consumer Action Law Centre, Consumer Credit Legal Service (WA), Each, Financial Rights Legal Centre, Legal Aid NSW, Legal Aid Queensland, Redfern Legal Centre, Small Business Debt Helpline, UNSW Tax and Business Advisory Clinic and Westjustice who work tirelessly to assist communities experiencing vulnerability. We are also grateful to Professor Michelle Welsh, Senior Deputy Dean, Monash Business School for insightful feedback on an earlier draft of this report. All errors remain our own.

Methodology

We conducted a series of qualitative semi-structured interviews with professionals from not-for-profit organisations who provide free assistance to people experiencing financial hardship and other forms of vulnerability, including victim survivors of family violence. Ethics approval was obtained from the Monash University Human Research Ethics Committee (Project ID: 44636). This study is conducted in collaboration with the Economic Abuse Reference Group (EARG), a network of over 60 Australian community organisations advocating to reduce the financial impacts of family violence.[8]

We selected participants for their experience in assisting victim survivors of economic abuse with business debts. Active involvement in the EARG network enabled recruitment from a range of professional backgrounds including credit and debt lawyers, financial counsellors, small business financial counsellors, social workers, accountants and tax agents with relevant experience. Their different roles and scope of services enable diverse, yet complementary, insights which collectively contribute to a more nuanced understanding of victim survivors' lived experiences shared with caseworkers. Participants were selected from a range of professions and organisations to provide deeper understanding of the multifaceted

---

[5] Wendy Tuohy, 'Julie discovered an abuse victim's ex had left the woman saddled with $12m in debt', *Sydney Morning Herald*, 27 March 2025.

[6] Parliamentary Joint Committee on Corporations and Financial Services, Parliament of Australia, *Financial Abuse: An Insidious Form of Domestic Violence* (December 2024). Financial abuse is a form of economic abuse, and the terms are often used interchangeably in the literature; Judy L Postmus et al, 'Economic Abuse as an Invisible Form of Domestic Violence: A Multicountry Review' (2020) 21(2) *Trauma, Violence and Abuse* 261, 262. There are subtle differences in that financial abuse tends to have a narrower focus on individual money and finances, whereas economic abuse is broader and includes economic resources such as employment or education.

[7] Examples include Ann Kayis-Kumar, Christine Speidel and Les Book, 'Squeezing Blood from Stones? A Comparative Analysis of Tax Relief for Victim survivors in Australia and the United States' (2024) 39(2) *Australian Tax Forum* 191; Vivien Chen, 'Hidden Risks of Economic Abuse through Company Directorships' (2024) 47(1) *University of New South Wales Law Journal* 105; Evgenia Bourova, Ian Ramsay and Paul Ali, 'Limitations of Australia's Legal Hardship Protections for Women with Debt Problems Caused by Economic Abuse' (2019) 42(2) *University of New South Wales Law Journal* 1146; Nicola Howell, 'Sexually Transmitted Debt - A Feminist Analysis of Laws Regulating Guarantors and Co-Borrowers' (1995) 4 *Australian Feminist Law Journal* 93; Economic Abuse Reference Group, *The Weaponisation of Business and Tax Systems as a Tool of Financial Abuse* (March 2025) <https://earg.org.au/our-publications/the-weaponisation-of-business-tax-systems-as-a-tool-of-financial-abuse>; and Economic Abuse Reference Group, *Economic Abuse and the Corporations Act* (September 2024) <https://earg.org.au/our-publications/economic-abuse-and-the-corporations-act>.

[8] For more information and a list of organisations which contribute to EARG's work, see https://earg.org.au.

challenges that they face in attempting to deal with the impacts of coerced business debts. The diversity in professional backgrounds and services also facilitated perspectives across various stages of victim survivors' journeys, from the initial uncovering of the extent of coerced business debts, processes of attempting to resolve them, and assisting with longer-term impacts. Invitations to participate in the interviews were sent by email to prospective participants, and an explanatory statement of the research was attached to the invitation.[9]

The value of in-depth interviews with professionals who assist victim survivors is reflected in previous studies such as Associate Professor Ann Kayis-Kumar's, whose interviews with advisers at a tax clinic revealed new knowledge of victim survivors' tax debts from economic abuse.[10] Qualitative interviews enable deeper insights into the lived realities of people experiencing vulnerability that are obscured from mainstream view.[11]

We interviewed 18 professionals from 10 not-for-profit community organisations who have provided advice to victim survivors with coerced business debts, advocated on their behalf, or provided other supports relating to the impacts of family violence, including referrals. The only specialist financial abuse service and the two small business debt services that are available in Australia participated in the study. As there are very few specialist services, we also included professionals from community legal centres, legal aid commissions, financial counselling services, tax clinics, and family violence services who encountered victim survivors with coerced business debts. The interviewees were located in New South Wales, Victoria, Western Australia, Queensland, and South Australia. Their organisations service a range of metropolitan and regional locations. Some of the organisations provide state-wide services, and several national services were included in the study.

The semi-structured interviews took place on Zoom in June 2025 and were guided by open-ended questions, such as requests for descriptions from their casework on the ways in which victim survivors are coerced into business debts, the impacts of the debts on clients, interactions with creditors, and challenges in dealing with coerced business debts.

We offered participants the option of individual or small group interviews. Discussions in small groups allow participants to interact with and respond to the views of other participants, while individual interviews enable deeper exploration of the perspectives of the interviewees, each of whom has valuable insights from their area of expertise.[12] The interviews took place in the form of 5 small groups of 2 to 4 caseworkers, and 3 individual interviews. Each group interview lasted for about 1 to 1.5 hours, while individual interviews took approximately half an hour to an hour.

The interviews were recorded with the participants' consent and were subsequently transcribed. Participants' comments were de-identified and tagged with descriptors. The authors manually coded the transcripts and identified themes, organised the interviewees' comments into categories with shared characteristics, synthesising comments, and conducting preliminary analysis of the concepts emerging from the data.[13] Interviewees' comments are quoted verbatim extensively throughout the report to maintain the authenticity of perspectives gained from caseworkers with whom victim survivors have shared the realities of living with abuse. An overarching trend that emerged from the interviews was the observation that the victim survivors whom participants assisted were mostly women who had been in heterosexual relationships. As this report aims to convey views from the field, gendered and heteronormative language is used, reflecting interviewees' observations. These are also consistent with statistics and research findings that women are more likely to experience financial and economic abuse than men.[14]

---

[9] The Managing Solicitor of a financial abuse service, and Program Manager of a community legal centre, also assisted with recruitment of participants by inviting their staff to participate in the interviews.

[10] Ann Kayis-Kumar et al, 'Identifying and Supporting Financially Vulnerable Women Experiencing Economic Abuse: A Grounded Theory Approach' (2023) 21(2) *eJournal of Tax Research* 173.

[11] Ibid; Jozica Kutin, Roslyn Russell and Mike Reid, '"I Didn't Even Know It Was A Thing": Australian Young Adults' Experience of Economic Abuse' (2022) 37 *Health Promotion International* 1.

[12] Kirsty Williamson, 'Questionnaires, Individual Interviews and Focus Group Interviews' in Kirsty Williamson and Graeme Johanson (eds) *Research Methods: Information, Systems, and Contexts* (2nd edition, 2018) 379; Jane Sutton and Zubin Austin, 'Qualitative Research: Data Collection, Analysis, and Management' (2015) 68(3) *Canadian Journal of Hospital Pharmacy* 226.

[13] Muhammad Naeem et al, 'A Step-by-Step Process of Thematic Analysis to Develop a Conceptual Model in Qualitative Research' (2023) 22 International Journal of Qualitative Methods 1.

[14] Australian Bureau of Statistics, Partner Violence, 2021-22 financial year (released 22 November 2023) <https://www.abs.gov.au/statistics/people/crime-and-justice/partner-violence/latest-release>; Jozica Kutin, Roslyn Russell and Michael Reid, 'Economic Abuse between Intimate Partners in Australia: Prevalence, Health Status, Disability and Financial Stress,' (2017) 41(3) *Australian and New Zealand Journal of Public Health* 269-274, 269; Rebecca Glenn and Jozica Kutin, *Economic abuse in Australia: Perceptions and experience* (Centre for Women's Economic Safety, 2021) <www.cwes.org.au/publications>.

Part 1: Coerced Business Debts

Our interviewees' interactions with victim survivors who struggled with coerced business debts occurred at various points in their respective journeys. Some interactions took place earlier, such as when victim survivors were leaving violent relationships, while others came across victim survivors later, such as when they had already lost assets to creditors and were going through bankruptcy due to coerced business debts, or were continuing to struggle with financial hardship years after separation from the perpetrator. In Section A, we consider how victim survivors are coerced into business debts, while Section B examines their harmful impacts. The discussion in Section C turns to the challenges that victim survivors face in trying to extricate themselves from coerced business debts.

A. How are victim survivors coerced into business debts?

Caseworkers described a spectrum of scenarios. For some, fairly commonplace arrangements such as a joint directorship of a family business, which was initially functioning, later became problematic. They also encountered victim survivors who spoke of overt fraud such as their signatures being forged, or coercion to sign documents without being given a chance to read them. They described the pervasive fear that surrounds victim survivors who live with a controlling and abusive partner, which drives them to comply with the perpetrator's demands to avoid damaging consequences. The varied scenarios that caseworkers recounted are succinctly described by an interviewee:

> *Often, it's just, "We were in a relationship. And this is what couples do". I think it's normal to have joint financial arrangements and to trust your partner. If they say, "We need to sign this. This is for the business", and it's obviously connected to supporting the family, it's normal to agree to that. In normal circumstances, you would probably just trust that their partner's not doing the wrong thing. But then obviously we get other clients who will say, "I felt like there was a threat of violence behind it" or "if I didn't sign, my life was going to be made very difficult." So, I think there's a spectrum that we see, [from] the more typical situation of trusting someone, but behind the scenes they're doing the wrong thing, all the way up to being in physical danger.*[15]

We canvass several scenarios that illustrate how victim survivors become entangled in unanticipated debt in the following discussion. We begin with small or family businesses that were seemingly functioning at the start in Section (i). The discussion then turns to examine fraud in Section (ii), and coercion in Section (iii). Subsequently, in Section (iv), we consider the risk of financial abuse escalating when the relationship ends. Section (v) examines how ongoing threats and the impacts of abuse can continue long after separation.

i. A slippery slope

Business debts may begin as just part of a family business, or a business run by the victim survivor. Over time, victim survivors lose control over the financial aspects of the business:

> *They might have started as a joint directorship that was fine, then over time, one director, usually the woman but not always, no longer has access to the financial records, doesn't see what's going on, but still carries all the responsibility.*[16]

> *The client I'm working with at the moment gave her house as security for a business loan. The husband is a director of the business. And there was a lawyer acting for all of them, supposedly giving them advice, saying this is a reasonable way forward. She's dependent on the husband, so the income from the company supports them. Everything's fine at that point. And things get worse, but they're stuck in the situation where they can't pull the pin. Over time, it becomes increasingly difficult to disentangle things.*[17]

An interviewee described how debts can increase incrementally over time:

> *She's already lent some money to her ex, also to her current partner, because he's in hardship. And then it becomes, "The only way I can make money and pay you back is if I run a business, because it's all I know how to do. And I can't have the business in my name because I've gone bankrupt in the past", or "I've got a bad credit report". Or maybe it's even just a complete lie. "So, for me to earn money to pay you back, I need you to do it." One of my clients ended up with probably over a million dollars of debt in her name that way, because it kept being, "I can't pay you back for that very first*

[15] Group 1, Interviewee 1.
[16] Group 2, Interviewee 2.
[17] Group 1, Interviewee 1.

> *one unless I do this. And then for the business to be successful, we need another loan." This client had been in a previous domestic violence relationship. This partner was not as bad as her previous partners, and so that, I think, is also a common reason why people might stay with them. It's a better relationship than what they've had previously. But for this client, I think her eyes were open in that she knew it was risky, but then there's all the manipulation and the love bombing. And "I'll do better, and I want this to work, and I'll work really hard. I just need this one more loan."*[18]

ii. Fraud

At times, business debts are incurred through fraud. Interviewees spoke of victim survivors' signatures being forged on documents. Increasing digitalisation poses greater risks as documents are signed electronically. It is relatively easy to impersonate someone online, particularly when they have access to the person's identity documents, in order to apply for loans or an Australian Business Number (ABN), access their myGov account, or use their tax file number.[19]

> *We often see this accompanied by fake postal and email addresses. For example, with the director ID, all it takes is the perpetrator creating a fake email address. They may create virtual phone numbers that go to theirs. So, at no point will a victim survivor receive any documentation about the directorship, because everything will go to the perpetrator. Same with loans.*[20]

As women who experience coercive control commonly have little or no control over their financial information during the relationship, they often only discover after separation that they have debts in their names incurred by their former partner.[21]

iii. Coercion

Even when victim survivors have signed documents, this often occurs under coercion or threats of harm. Some victim survivors recounted having signed documents that were given to them, although they may not have understood the implications. Interviewees spoke of a range of motivations and degrees of coercion, from trust in their partner who claims that it's 'for the family' and 'you're not good at this anyway, dear' to 'he's going to yell and scream if you don't just go along with it', to threats of physical harm.[22] Some clients with limited financial literacy deferred to their partner's seemingly better judgment. At the same time, caseworkers told of clients with sophisticated knowledge of financial matters being coerced into signing documents through emotional or physical abuse:

> *They know that it's a bad deal, but they don't feel they have a choice. Or a common thing that I hear is that "I didn't want to cause any drama" and it might not be physical violence, but emotional abuse e.g. "He'd just yell at me until I did what he wanted anyway, so I just did it because I didn't want to get yelled at." Most of my clients do try saying "no". They try saying, "Oh, I don't think we can afford this, or I don't think this is a good idea." And then there's either yelling or drama or belittling or whatever it might be to wear them down.*[23]

Fears for their safety encompass physical, emotional, mental and financial harm, and threats of homelessness – 'that they'd be out on the street'.[24] For victim survivors who have been prevented from working or studying, financial dependence and the inability to access money limit their options.[25] Caseworkers spoke of victim survivors' fears that the perpetrator would 'target the kids', or 'this might lead to a separation and a horrible family law dispute' and they might lose access to their children.[26] Tactics included 'psychological abuse and torment', threats to cut off communication with people who might be able to help them, or blaming, such as "It's your fault that we're struggling. I'm going to lose my business. We're going to be homeless. What's the risk? What's your problem?"[27] In the words of a caseworker:

[18] Group 1, Interviewee 2.
[19] Group 2, Interviewees 1 and 2.
[20] Group 2, Interviewee 1.
[21] Group 2, Interviewee 1.
[22] Group 1, Interviewees 2 and 5.
[23] Group 1, Interviewee 2.
[24] Group 2, Interviewee 1.
[25] Group 4, Interviewee 4.
[26] Group 3, Interviewees 1 and 2; Group 2, Interviewees 1 and 2.
[27] Group 3, Interviewees 1 and 2.

> *The level of control in my clients' lives is so extreme that it was never a question to refuse, because the control and fear permeates everything … what could the ATO do to them that would be worse than what would happen to them if they didn't sign?*[28]

Some victim survivors fear losing their lives.[29] For those who live with abuse, managing their safety is a far more pressing concern than potential risks of signing some papers, which at the time seem to be a relatively remote possibility.[30] One group of interviewees described the impacts of coercive control as having been groomed to 'play a role where they don't ask questions, just obey' and it can be that 'they're just worn down in the relationship over time, so "don't poke the bear" or stir the pot'.[31] Even in interviews with third parties, they are coerced to 'play willing applicant':

> *I had a client who was threatened that if she didn't get the loan, there'd be consequences. She was being interviewed on the computer. The perpetrator was literally just on the other side of the computer screen saying, "I'm watching you." And I had another client that had to hold their license up in WhatsApp and take a photo of it. Then she was told to smile.*[32]

The interviewee went on to say that the photo was used to counter the victim survivor's claim that she was coerced into the loan. Caseworkers also took the view that resisting the perpetrator's demands gave rise to risks of the relationship ending, along with an escalation of financial abuse.[33]

> *Saying 'no' tends to coincide with the relationship ending. They have to go along with it or the relationship will end. One of my clients, her partner ran his business as a company. She's the sole director. Once the relationship started to end, he just ran the business into the ground as a form of punishment. And she's left, of course, to deal with all the debts. So, I think what that means is that saying "no" isn't an option.*[34]

iv. Separation

Victim survivors' attempts to leave violent relationships are fraught with multiple challenges including homelessness, ongoing threats, and a struggle to rebuild their lives and their children's lives with limited resources. Described as 'caught between a rock and a hard place', women who experience financial abuse have limited options. In the words of caseworkers:

> *If the breadwinner is using domestic violence, our client is extremely financially vulnerable and insecure. The reality is that we don't have enough shelter beds. People don't necessarily have safe family members they can seek accommodation with, especially if they have children, there are a lot of barriers. Where do you go? And even women with means, there's the shame and the romantic idea, especially with the cycle of domestic violence. There's abuse, and then there's the repair and the love bombing, and "I'll never do it again. I love you so much." And then the abuse again, and it goes around and around. Depending where people are in the cycle, sometimes leaving doesn't feel like a good idea, because you're in the loving stage, and if you were to leave, where would you go? Shelters are almost always full. Getting a spare bed is not easy at all. Even if you do get one, it's temporary. How do you rebuild your life? For a lot of my clients, I think there's also that sense of lifestyle loss, not really for them, but for their kids. If they leave and they take the kids out of this situation, they're going to be on Centrelink as a single parent, and giving their kids a very different kind of life to what they might be doing as a two parent family. Sometimes this abusive parent is earning a huge amount of money, sometimes they're not, but at least they're earning something. The financial insecurity is real, especially when all the debts are in her name. I've had clients say that their ex would even say overtly, "Look, if you leave me, I'm not going to pay the debt, and then you're going to be screwed."*[35]

Victim survivors face real threats of financial ruin that perpetrators have been known to carry out when the relationship ends:

> *I've got two clients who have had explicit threats like, "If you leave, I'm going to ruin you financially." And then one of them received trust distributions each year from the family trust. And this year, now that she's left, he hasn't organised for the accountant to pay the tax on the portion that's been*

[28] Individual Interviewee C.
[29] Group 3, Interviewee 1.
[30] Individual Interviewee C.
[31] Group 2, Interviewees 1 and 2.
[32] Group 2, Interviewee 1.
[33] Group 1, Interviewee 2.
[34] Group 1, Interviewee 1.
[35] Group 1, Interviewee 2.

> *attributed to her using trust funds. She now has a tax debt and she's not very financially literate. He runs the business, and the accountant set up how they manage their assets. There's nothing sneaky in that. It's a very run of the mill company, corporate trustee of a family trust, and they minimise their tax by spreading it across beneficiaries. But once this person's left, he's now using it as a tool to make her suffer - she's got the tax debt. She doesn't have money to fund her family law litigation.*[36]

v. Post-separation

The comments from interviewees above illustrate how coercive control and threats of financial ruin can persist after victim survivors have left the perpetrator. Business structures that had functioned well during the relationship can be weaponised to perpetrate financial abuse:

> *Sometimes the business is going well and then there's DV in the relationship. The wife decides to leave, and then the husband tanks the business, leaving all the liabilities in her name. It's a punishment for having left … In this particular case, he's now phoenixed*[37] *the business. He's continuing to build his new business while the other business in her name is going more and more into debt … and it's all happened after separation.*[38]

In addition, victim survivors have been pressured by former partners into signing guarantees and other business documents purportedly in relation to child support:[39]

> *The parties were already separated but our client's former partner was still contacting her because he was still having to help support the children. He said, "I'm not going to be able to pay unless I set up this business. I've got this idea that will generate money. I can't do it unless you sign this guarantee for me. If you sign this guarantee, then I'll be able to pay you. If I don't get this business loan, then I can't pay you child support." It was either sign it or not get what she needs for her kids, but I don't think she fully understood. She ended up providing a guarantee with a mortgage over her house. It was only when his business went bust and he disappeared off the scene completely, when the bank tried to enforce the guarantee and charge over her property, that she realised.*[40]

B. Impacts

i. Health and wellbeing impacts

Caseworkers described victim survivors as 'incredibly overwhelmed', 'really stressed', being chased by creditors often without really knowing why, while fleeing a violent and controlling relationship, trying to find stable housing and rebuild their lives.[41]

> *A lot of the time they're still fighting with partners about children's orders … spending time with the children, or dealing with police. Being told that they don't have a lot of options in terms of who to get assistance from or how to resolve the debt would just be terrifying, and overwhelming … a million dollar tax debt just crushes you. Bankruptcy is the only option, really, isn't it? If they've got a property, that could be sold to clear their debts, which means that they have to find another home. Any other assets, if they had shares or something like that, anything that can be sold to try and pay back the creditors. If they earn over a certain amount of money, they've got to pay income contributions.*[42]

A caseworker, whose service is unable to assist with business debts but nonetheless often encountered coerced business debts, said that they commonly involve 'catastrophic levels' of debt which have a 'massive impact' on clients.[43] Interviewees spoke of victim survivors becoming suicidal. Large debts from opaque and complex business structures, aggressive debt collection, 'parenting problems, PTSD caused by the domestic

---

[36] Group 1, Interviewee 5.
[37] Illegal phoenix activity occurs when the people who manage a company transfer its business and assets to a new company, leaving the old company with unpaid debts, to avoid paying creditors, employee entitlements and taxes; Australian Securities and Investments Commission, *Illegal phoenix activity* <https://www.asic.gov.au/about-asic/asic-investigations-and-enforcement/asic-action-on-illegal-phoenix-activity/illegal-phoenix-activity>.
[38] Group 1, Interviewee 2.
[39] Group 1, Interviewee 5.
[40] Group 4, Interviewee 1.
[41] Group 4, Interviewee 2; Group 3, Interviewee 2; Group 1 Interviewee 4.
[42] Individual interview B.
[43] Group 5, Interviewees 1 and 2.

violence', 'dealing with ongoing harassment and abuse' add to the 'huge range of stresses in a client's life at that time'.[44]

Business debts are particularly stressful as the amounts are often higher and it is much harder to obtain any relief compared with consumer loans. The lack of affordable assistance further compounds the challenges victim survivors face.[45]

> *No legal services are funded to work on business related matters, there's no community legal or women's legal help, so [victim survivors have] to go to private commercial lawyers, in which case they're told it can be $10,000 just to open an account, and may run up to $100,000. They usually don't have the financial resources for that. Often, we see that family law is the best avenue, but property settlement is usually excluded again from any financial assistance. So, the preferable avenue to resolve the abuse is not open to the client. There should be a reallocation within the property pool because of the financial abuse. If they can't get help with a property settlement, that may not happen, so they lose out on equity.*[46]

ii. Long-term harm

The inability to access legal representation or other relief from coerced business debt exacerbates the long-term harm from financial abuse.[47] Some victim survivors lose their home, leaving them and their children 'homeless, couch surfing':[48]

> *It's an incredibly long sting in the tail that we see, the reason for women later in life [being] still in precarious housing. It's often because they've been a victim of financial abuse at some point in their life, so it's incredibly difficult for them to recover.*[49]

Interviewees' concerns over homelessness and financial hardship among women who have experienced family violence resonate with previous studies. Professor Anne Summers found that 'women who have recently experienced domestic violence report much higher rates of financial distress'.[50] Many continue to struggle with poverty, and a disproportionate number of women become homeless after fleeing abuse.[51] When victim survivors are pursued for coerced debts, the obligations to repay these debts remain for years, further undermining victim survivors' economic security. For instance, when a creditor gets a judgment in NSW and Qld, they have 12 years to recover the amounts.[52] An interviewee observed:

> *Often when we engage with friends, family, others, we often hear stories that they have friends that are paying the ex-partner's tax debts or loans that they put in their name because they didn't know that they could access services, or there were no services for them to access, to get them released from the loans. So, when we see women paying these debts, we know that these funds don't go to the children or the family, and they go over long periods of time. We see payment plans of 5 years, 10 years.*[53]

Victim survivors struggle to make ends meet:

> *A lot of our clients only receive income from Centrelink, and they stay in financial hardship for a really, really long time. We have clients with 4 ,5, 6 kids, single parents, no child support, can't meet*

[44] Group 1, Interviewee 2. The impacts of harassment by debt collectors, and its intersection with family violence are also discussed in Lucinda O'Brien, Vivien Chen, Ian Ramsay and Paul Ali, 'An Impending 'Avalanche': Debt Collection and Consumer Harm After COVID-19' (2021) 49(2) *Australian Business Law Review* 84.
[45] Group 3, Interviewee 2; Group 4 Interviewees 1 and 4.
[46] Group 2, Interviewee 1.
[47] Group 1, Interviewee 2; Group 3, Interviewee 1.
[48] Group 3, Interviewee 1; Group 2, Interviewee 1.
[49] Group 2, Interviewee 1. A study by O'Brien, Ramsay and Ali found that bankruptcy among older women is linked to the long term 'financial cost of single motherhood', often without child support from former partners; Lucinda O'Brien, Ian Ramsay and Paul Ali, 'The Distinctive Features of Women in the Australian Bankruptcy System: An Empirical Study,' (2019) 54(2) *Australian Journal of Social Issues* 173.
[50] Anne Summers, Thomas Shortridge and Kristen Sobeck, *The Cost of Domestic Violence to Women's Employment and Education* (University of Technology Sydney, 2025), 18.
[51] Anne Summers, *The Choice: Violence or Poverty* (University of Technology Sydney, 2022), 19; Cynthia K Sanders, 'Economic Abuse in the Lives of Women Abused by an Intimate Partner: A Qualitative Study' (2015) 21(1) *Violence Against Women* 3, 5.
[52] Group 3, Interviewees 1 and 2.
[53] Group 2, Interviewee 1.

> *expenses. That is a huge barrier to recovering from an abusive relationship, if they just can't afford to exist in the world.*[54]

And for some, the ability to get Centrelink benefits is hampered by the way in which they've been reported in government systems by the perpetrator, which then 'really impacts their independence to be able to get an income, leave the perpetrator, make steps to move on and be safe.'[55] For example, a victim survivor who is a company director 'on paper' may be ineligible for Centrelink benefits because the company's assets and liabilities may be included in the Centrelink assets test. Victim survivors who have had little or no control over their financial information during the relationship may struggle to report the business' income and assets to Centrelink, and will often require support from a legal or financial counselling service to explain their situation to Centrelink to be deemed eligible for benefits. Where a victim survivor's tax returns have been done by the perpetrator or the perpetrator's accountant, they might have been said to be receiving income from the family business, which may make them ineligible for Centrelink benefits despite not receiving any actual funds.

iii. Credit history

In many cases, victim survivors' credit histories are likely to be adversely impacted by defaults in payment of coerced debt. Negative credit histories limit their access to mainstream finance and push them to high-cost credit, such as payday loans with high interest rates and fees which leave them at risk of 'debt spirals', further undermining their efforts at rebuilding financial security.[56]

> *When they've escaped DV, they often don't have a car. In a lot of places, to get to work, you need a car, and if you can't access credit to get a car, it's really difficult to go back to work, difficult to earn a living, difficult to survive financially, difficult to provide for your kids, who often come with you when you've escaped, and that almost self-perpetuates that cycle.*[57]

Caseworkers described that the 'poverty premium' experienced by victim survivors means they 'end up paying more for credit' and other necessities, such as being forced to buy an unreliable car that breaks down within six months because their poor credit history excludes them from car finance.[58]

The effects of an impaired credit history extend beyond its financial implications. According to a caseworker:

> *We've had victim survivors describe to us that it embarrasses them, and it is a reminder of the other party. Those were the words that one of our clients used – every time she saw this, it just reminded her of this terrible experience that she couldn't get away from. It was emotionally harmful and distressing that there was this public facing document that reflected so poorly on her. A combination of shame and embarrassment, distress, disquiet, powerlessness. Those are sort of emotional responses, and words that the clients have used when they've described it. That operates in addition to the practical difficulties of having a job and legitimately saying, "I can afford to apply for credit but I'm getting knocked back."*[59]

Economic security can also be undermined by the impacts of abuse on their mental and physical health and, at times, the capacity to work.

> *I have one client who basically will never be functional. They require ongoing support. Daily living is not really possible in a normal way.*[60]

> *Sometimes the emotional abuse can be the longest-term damage to a person. My client [with coerced business debts of several million] is taking longer to resolve the abuse than [the length of] their relationship, especially when they don't see any justice – the ex-husband got a suspended sentence and a $2,000 bond. What message are we sending victim survivors here? They just feel that their lives don't matter.*[61]

[54] Group 5, Interviewee 1.
[55] Group 5, Interviewee 3.
[56] Group 4, Interviewee 2; Individual Interview B. A 'debt spiral' refers to the increasing indebtedness that occurs when borrowers struggle to repay loans and fees which accumulate, diminishing the funds available for necessities, or take out further lines of credit to repay existing loans, resulting in 'snowballing' debt.
[57] Group 3, Interviewee 1.
[58] Group 3, Interviewee 1.
[59] Group 3, Interviewee 2.
[60] Group 2, Interviewee 2.
[61] Group 2, Interviewee 1.

C. Challenges resolving coerced business debts

Across our interviews, caseworkers reported that business debts are more difficult to resolve than consumer debts. They tend to be larger than personal debts, 'there's a lot less help available', and business lenders are 'a lot more aggressive' in pursuing legal proceedings.[62]

> *With consumer loans, you can speak to a hardship team and get a trained person on the other end of the phone who probably helps you go into at least a temporary hardship variation, and refers you to some services. But with business debts, I haven't ever heard of that happening. It might with some of the big banks. But the other thing about business lenders is a lot of them are less interested in having hardship policies and having compassionate people on the phone. I've had clients say, "Look, I've tried to resolve this" and even when they've been nice, they've said, "I can't afford to write this off. I'm going to have to pursue." There isn't that sort of relief, or even that short term relief that you might get from consumer loans with business loans. I think also because, in my experience, the debts are higher.*[63]

i. Lack of legal protections for commercial debts

Many interviewees emphasised the lack of redress for victim survivors who have coerced business debts, in contrast with personal debts. In particular, they pointed to policies and processes that victim survivors with personal debts have relied on which are usually not available in relation to business debts. These are:

- Consumer legal protections which apply to credit which is predominantly for 'personal, domestic or household purposes'.[64] These include responsible lending obligations, which can help to prevent economic abuse because the creditor must assess the requirements, objectives and financial position of each borrower, providing an opportunity to identify fraudulent and coerced credit applications; and financial hardship provisions that provide relief from coerced consumer debt;[65]
- Family violence industry guidelines[66] and family violence policies developed by individual creditors, which commit to training staff to identify and respond to domestic and family violence, offering financial hardship support to victim survivors, addressing the impacts of family violence on credit reports, and referring victim survivors to support services; and
- Recourse to free dispute resolution, such as through the Australian Financial Complaints Authority (AFCA), of which membership is compulsory for financial firms providing financial products or services to consumers.[67] AFCA's family violence guidelines encourage creditors to take financial abuse into account.[68]

In contrast, many creditors that pursue victim survivors for coerced business debts are not governed by legal frameworks that require them to consider hardship or to be AFCA members. Interviewees noted that the big banks tend to be more compassionate towards victim survivors. Notably, the Australian Banking Association's industry guideline educates members on signs of financial abuse and appropriate responses.[69] They recommend working with victim survivors to manage financial hardship and liabilities they have been coerced into, including releasing them from joint debt where appropriate.[70]

Caseworkers spoke of some limited success in negotiating debt waivers with creditors for coerced business debts. This was usually when the victim survivors had very few assets or were 'judgment-proof' and it was not worthwhile from a commercial perspective to bring legal proceedings. However, victim survivors are often

[62] Group 1, Interviewees 1, 2 and 3.
[63] Group 1, Interviewee 2.
[64] National Credit Code s 5.
[65] The financial hardship provisions of the *National Credit Code* give consumers a statutory right to seek a variation of their credit contracts on grounds of financial hardship; National Credit Code s 72.
[66] See, for example, Australian Banking Association, *Preventing and Responding to Family and Domestic Violence* (March 2021) and Council of Australian Life Insurers, *Best Practice Guidance: Family and Domestic Violence Policies* (February 2025).
[67] See ASIC, *Regulatory Guide 267: Oversight of the Australian Financial Complaints Authority* (September 2021) for more detail on financial firms' AFCA membership obligations.
[68] AFCA, *The AFCA Approach to Joint Accounts and Family Violence* (June 2022).
[69] Australian Banking Association, *Preventing and Responding to Financial Abuse (including Elder Financial Abuse)* (February 2021).
[70] Ibid 9-10.

pursued by creditors when they have assets such as a house, car or income.[71] In the words of one caseworker:

> *I find it depends a lot on whether the client has anything to take. So, my client, who doesn't have assets in her name, it's easy for a lender to look at it and say, "Look, she's never going to pay this back. I'm happy to write it off." I have other clients who own a home in their own sole name before they even met their abusive partner, and now their home is at risk, and that client is in court. Several different creditors have filed against her in court, even though we told them the story, explained the extreme physical violence. She's now so mentally unwell from what she's experienced that she's unable to work, but they've still taken her to court because they're high amounts of money, over $100,000 on several different loans each, and she owns a home with some equity in it, so they are going to take it all the way.*[72]

Even if victim survivors do not have assets worth taking at that time, some creditors obtain judgment against them and garnish future wages or wait to see if the victim survivor's financial situation improves.[73] Caseworkers observe that the ATO, for instance, rarely releases victim survivors from coerced debt. In most cases, the best outcomes caseworkers can negotiate with the ATO are payment plans or a 'non pursuit' which allows the ATO to offset any future tax refunds against the debt.[74]

ii. Assumptions

Caseworkers also spoke of the struggle with widespread misconceptions among business and government creditors that people are trying to 'game the system' to find an easy way out of debts from a relationship. In reality, the victim survivors they assist often make many personal sacrifices to repay these debts, out of an innate sense of obligation, even when debts were incurred in their names by an abusive ex-partner without their knowledge or informed consent. According to one interviewee, "It is a massive problem with the ATO and less reputable lenders." The interviewee went on to say that they 'very rarely come across people who try to game the system':

> *I can only think of one. Thousands of people that I've spoken to in the last five years, that obligation to pay your debts is embedded in everybody, and nobody's trying to get out of it really. In reality, the people that we speak with feel an obligation to pay as much as they can. It's just a wrong underlying assumption.*[75]

With business debts, there is also an implicit assumption that transactions are at 'arm's length', that company directors have full visibility and control over their company's finances, and that parties enter into contracts voluntarily, making informed decisions to accept their responsibilities. These assumptions are reflected in the Banking Code of Practice, where processes designed to protect guarantors – such as information disclosure requirements, warning notices and minimum waiting periods – do not apply if the guarantor is the sole director of the company applying for the loan.[76] However, as seen in Part 1A, for victim survivors who live with violence and coercive control, the capacity to choose and opportunity to make informed decisions are constrained:

> *If it was just a business partner, things can still break down. It can get nasty, but there's this other element, because of the intimate nature of the relationship. The way people act is just so different to how you would [undertake] regular business dealings, but then they're using mechanisms and functions that are part of regular business dealings. It's hard to reconcile those - you've got your husband hat or boyfriend hat on but it's also your business partner. It gets super messy, and I think people act in a way that our tax systems probably don't quite comprehend because they're just thinking it's going to be a normal arm's length transaction. And that's totally not the case when you're dealing with intimate relationships and business.*[77]

iii. Types of business debts

Victim survivors are pursued for payment by a wide range of creditors, including commercial lenders, suppliers, the ATO, and companies that obtained guarantees, often in relation to a former partner's business. It is fairly common for victim survivors to be contacted by creditors with demands that they repay amounts owed or return equipment or vehicles used by the former partner's business that they had little or no

[71] Group 1, Interviewees 1 and 2. (Group 3, Interviewees 1 and 2)
[72] Group 1, Interviewee 2.
[73] Group 1, Interviewee 2.
[74] Group 1, Interviewee 4; Group 4, Interviewee 4.
[75] Individual Interview C.
[76] Australian Banking Association, *Banking Code of Practice* (February 2025), Part B6 'Guaranteeing a Loan'.
[77] Group 1, Interviewee 4.

involvement in.[78] By this time, they've often separated from the former partner, and don't know where the equipment is.[79] In some cases, the perpetrator has on-sold the equipment in breach of the contract with the creditor, leaving the victim survivor with no option to return the equipment to pay down at least part of the debt.[80]

In such situations, victim survivors have very limited access to affordable assistance or dispute resolution. At times, victim survivors are also directors of companies controlled by perpetrators. Corporations law imposes positive duties on directors to be actively involved in management, and assumes that they have the means to do so.[81] Consequently, the grounds for the presumption that directors assume their responsibilities of their own free will as 'rational, self-interested parties with equal bargaining power' are stronger than in situations involving consumer contracts.[82] Nevertheless, across the interviews, caseworkers' descriptions of victim survivors' lived experience challenge this presumption.

iv. Victim survivors as coerced directors

In many cases, victim survivors are not aware that they've been made a director. They're commonly told to sign documents without much explanation or opportunity to read them, or their signatures are forged. Victim survivors often only realise that they've been made a director when pursued by debt collectors, or when they seek assistance and their caseworker conducts further inquiries such as obtaining a credit report and conducting company and officeholder searches. Some knew that they were a director but were not involved in the business. Others worked in the business, performing lower-level jobs but didn't have the decision-making power that a director would usually have.[83] The discovery of far more extensive liabilities than they were aware of usually comes as a shock:

> *Overnight, her world changed. No idea of the abuse. From those two letters, she thought there was only around $200,000. And there was $9.8 million in loans and $12 million in total abuse there. She could barely talk. She was that cognitively shut down at that point. And it took three meetings just to really start understanding what was going on there, because she didn't know.*[84]

What caseworkers see:

> *When you actually see someone's face, when you look at the documents and say, "Well, you've actually signed a director's guarantee." They're like, "What? What do you mean? I'm not the director. What are you talking about?" It really is distinct and that's why, as a lawyer, you are confident when you make those arguments, because you've actually sat down with someone and gone through the documents, and people can't fake that reaction.*[85]

Caseworkers also spoke of difficulty accessing information on the business debts, which hampered efforts to resolve them:

> *We can often only get the loan contract… if the lender has any records, they are very reluctant to provide them, so it just makes it even more difficult to establish whether the client has any legal arguments. And often there's the issue of privacy. There's a lot of barriers to just finding out what the situation is.*[86]

Where complex business structures are involved, there are additional challenges and, at times, costs of hiring professionals with specialist knowledge. One interviewee spoke of her client's need to hire a forensic accountant which she couldn't afford, noting that, 'When people are involved in these more complex structures, trying to actually achieve justice becomes a lot more complicated and a lot more expensive.'[87]

As most free services don't assist with business debts, they usually don't ask for the details of business debts or keep track of how often victim survivors present with coerced directorships. A caseworker from one of the few financial counselling services that specialises in business debts noted that over 15 per cent of their cases involved non-consenting or coerced directorships.[88] A caseworker from a financial abuse service

[78] Group 4, Interviewees 1 and 2; Group 1, Interviewee 4.
[79] Group 3, Interviewee 2.
[80] Group 3, Interviewee 2.
[81] For further details, please refer to Chen (n 7).
[82] Bourova, Ramsay and Ali (n 7).
[83] Group 1, Interviewee 2.
[84] Group 2, Interviewee 1.
[85] Group 3, Interviewee 2.
[86] Group 1, Interviewee 1.
[87] Group 1, Interviewee 2.
[88] Group 2, Interviewee 1.

observed that '2 out of 5 current matters have directorships that are very much coerced' while a colleague from the same service noted that they came across coerced directorships on average 'one every couple of weeks'.[89] Another noted that, 'It is normal for wives to be directors, or directors of corporate trustees, when there's no financial abuse. Those structures are very common in family tax and financial planning' but at times they are misused.[90] According to an interviewee who works with the National Debt Helpline, one of the two most common coerced business debts that they come across relate to the ATO, such as Director Penalty Notices.[91] These stem from victim survivors being made directors of companies controlled by perpetrators who did not pay the required taxes or superannuation, leaving victim survivors with personal tax liabilities in their own name.

Interviewees also described how the lived realities of family violence are at odds with the expectations placed on directors by corporations law. For instance, directors are required to exercise their responsibilities with care, skill and diligence, and make decisions that are in the company's best interest.[92] Directors are supposed to ask questions, keep track of the company's financial situation, and prevent the company from trading while insolvent.[93] However, interviewees observed that such commercial obligations are at odds with intimate relationships where 'you should be able to trust your partner' and, where coercive control is present, victim survivors often live in fear of the perpetrator.[94]

> *I think there can be a really deliberate set of behaviours on the part of the perpetrator to make the victim survivor feel like "I can't ask questions. I'm too dumb. You've got the mind for the finances, I'm looking after the kid." And again, there's a huge spectrum ranging from threats to "You just need to focus on raising the kids, giving them the best life is the most important thing."*[95]

Interviewees explained that gender roles become normalised, and 'people don't often know that something has gone very wrong until it's very much at the pointy end and it's so difficult to untangle.'[96] A colleague at the same interview responded saying:

> *I very much agree with that. And it doesn't even need to be a super established relationship where there's children, or there's a marriage, or it's been for many years. I've got another client who's very young, and she was with someone who's essentially just done a GST scam on her. She asked, "Can you explain what's happening with this?" And he would just say, "No, it's too complicated. You're too dumb." Like, really putting her down, and then wouldn't tell her anything that was happening. He ended up forcing her to claim thousands in GST credits, then forced her to transfer it all to him. He was like, "I've got to pay this person off. I'm going to get hurt if I don't pay them." So, it was a lot of pressure.*[97]

v. Summary of Part 1

In short, victim survivors face far greater barriers in dealing with coerced business debts than personal debts. Business debts tend to be larger, creditors are quicker to escalate debt recovery through legal proceedings, and family violence is often dismissed as irrelevant. Victim survivors face real risks of bankruptcy proceedings and losing their home, if they have one. Their obligations to repay debt can persist for years through judgment debts, payment plans and the ATO. Ongoing payments to settle coerced debts, impaired credit histories, and housing insecurity, collectively undermine their economic security in the longer term and impede the capacity to rebuild their lives.

Part 2: Systemic issues

The discussions reveal that victim survivors' interactions with government, financial and legal systems often exacerbate the harm experienced. Better understanding of financial abuse within these systems and professional services, mandatory family violence policies[98] and specialist training for creditors and people

[89] Group 1, Interviewees 1 and 2.
[90] Group 1, Interviewee 4.
[91] Individual Interviewee C.
[92] Corporations Act 2001 (Cth) ss 180(1) and 181.
[93] Corporations Act 2001 (Cth) s 588G; *Australian Securities and Investments Commission v Healey* [2011] FCA 717.
[94] Group 1, Interviewee 4.
[95] Group 1, Interviewee 3.
[96] Group 1, Interviewee 3.
[97] Group 1, Interviewee 4.
[98] Australian Banking Association, *Preventing and Responding to Financial Abuse (including Elder Financial Abuse)* (February 2021); AFCA, *The AFCA Approach to Joint Accounts and Family Violence* (June 2022).

working within these systems, and better funding and access to support services for victim survivors, could potentially be transformative.

A. Professional advice

A common concern raised in the interviews relates to the role of professionals engaged to assist with the business, including through asset protection or tax minimisation.[99] Accounts from victim survivors suggest that these professionals took instructions primarily from the perpetrator who made financial decisions, and encouraged victim survivors to agree to arrangements that they did not understand and that were not in their best interests.

Interviewees told of victim survivors being advised by accountants and finance professionals to 'put the assets in his name and the debts in my name, and that protects us as a family' or 'there's a tax benefit for the family if you sign' without explaining the risks to her if relationship difficulties arose or they got divorced.[100] Another interviewee said that their client was advised by a professional that, 'The man who is a doctor, or high flying professional of some sort, shouldn't be the director of the company, or shouldn't be the one giving a guarantee, because that's an increased risk, and you want to protect the family.' [101]

Such professional advice increases pressure on victim survivors to agree and provides an appearance of legitimacy to harmful and coercive arrangements. One interviewee observed that, 'It's not just coming from the partner. It is a setup that is incredibly supported by people in our industry.'[102] It may be that the professionals who gave the advice assumed that 'couples share' and may not have intended to be complicit in the abuse. Some advice, however, had more fraudulent overtones:

> *The accountant had told them, "With this company car, you're going to get a call. We're being audited by the ATO. You're going to get a call from the ATO asking, 'Does your husband bring this car home?' You need to tell the ATO that he doesn't bring it home at all." So, she's essentially partaking in a fraud and, now, when you're trying to get a bit of relief from the ATO, it's very difficult.*[103]

Lawyers who countersign documents or provide independent legal advice prior to entering arrangements such as guarantees could potentially be a source of advice for victim survivors in making informed decisions. However, interviewees recounted clients saying that they were not allowed to be in the room with their partner's lawyer for long, even when documents were lengthy, suggesting that the complexity of transactions and risks to victim survivors were minimised and not adequately explained:[104]

> *We had one client whose husband was a doctor, and he'd got her to guarantee all these chattel mortgages for increasingly expensive vehicles. She was accustomed to him managing the finances, and he was quite controlling and abusive. Chattel mortgages are really tricky, but she was just presented with documents and told "sign here, sign here".*[105]

A third category of professionals highlighted in the interviews are brokers and lenders. Caseworkers spoke of lenders and mortgage brokers attempting to circumvent responsible lending obligations and other consumer legal protections by asking customers to 'sign a business purpose declaration, provide an ABN, sometimes even get them to sign up to an ABN to get around those protections' even though she's never had a business.[106] They reasoned that it is easier to get a loan approved if there's a business purpose declaration.[107] However, the borrower then loses the protections available to consumers including the hardship provisions that victim survivors would have been able to rely on, leaving limited options for recourse.

One interviewee spoke of issues with a real estate agent who only took instructions from the perpetrator in relation to an acceptable sale price for a jointly held property.[108] His price was lower than what she thought the property was worth, and she wanted to hold out for more. The contract of sale was in joint names but she

[99] Group 3, Interviewees 1 and 2; Group 4, Interviewee 3. Similar concerns are raised in Adrienne Byrt et al, 'Mapping Intimate Partner Financial Abuse Across Public and Private Systems' (2025) *Australian Journal of Social Issues* 1.
[100] Group 1, Interviewee 2; Group 4, Interviewee 3.
[101] Group 1, Interviewee 3.
[102] Group 1, Interviewee 3.
[103] Group 1, Interviewee 4.
[104] Group 3, Interviewees 1 and 2.
[105] Group 3, Interviewee 2.
[106] Group 4, Interviewee 2; Group 2, Interviewee 1.
[107] Group 4, Interviewee 1.
[108] Group 5, Interviewee 3.

felt that the real estate agent gave preference to her partner's instructions. This reduced what she received in their family law settlement, and adversely affected her recovery from abuse, as she started off post-separation with less.

B. Bankruptcy

As most free services don't assist victim survivors with business debts, and the few specialist services which can assist are often limited to advising victim survivors on how to self-advocate (due to funding constraints), much of what happens to victim survivors after these short periods of contact remains largely unknown. A service that has a duty solicitor at the courts to advise people facing bankruptcy proceedings sees victim survivors becoming bankrupt as a result of coerced business debts such as tax debts and GST fraud committed by a former partner in their name.[109] Several interviewees spoke of clients receiving bankruptcy notices in relation to coerced business debts.[110] However, debts incurred by fraud are not extinguished by bankruptcy, and victim survivors who are coerced into fraudulent GST debts remain liable to repay these even after bankruptcy.[111]

The impacts of bankruptcy are severe. If they own a home, victim survivors who are made bankrupt are likely to lose their home, and the bankruptcy will impact their standing in family court proceedings. Family law property settlements are one of the few avenues available to victim survivors to seek redress from the perpetrator for financial abuse, and family courts must now consider the economic impact of family violence when determining a property settlement.[112] However, victim survivors who are bankrupt may lose the ability to seek a family law property settlement, or lose the ability to have a say about what happens to their property, as the share of the property which they would have received vests in the trustee in bankruptcy.[113] Consequently, where the victim survivor is bankrupt, evidence of financial abuse is less likely to be adduced in court, and the perpetrator is likely to gain a larger share of the property than they would have received if the victim survivor was not bankrupt. Case studies collected by EARG members illustrate the devastating impacts – in some cases, bankrupt victim survivors received nothing from their property settlement, while perpetrators retained substantial assets.[114]

Threats of bankruptcy are used as a debt collection tool, although bankruptcy laws were not intended for such purposes. An interviewee spoke of creditors using the 'fear of bankruptcy and the misconceptions around that to push people into a payment plan' that causes substantial hardship.[115] Victim survivors in these situations have no access to affordable redress, and cannot afford fees for a private lawyer. Case Study 2 in the Appendix describes a victim survivor who started paying her entire Centrelink income, on which she was dependent, towards the $85,000 coerced debt from her ex-husband's business after the creditor served her a bankruptcy notice. The interviewee described another case in which bankruptcy could have been avoided, but the creditor filed bankruptcy proceedings which caused her to lose her work licence:

> *A rural client was facing bankruptcy for a debt relating to a lease of an excavator that was on the property which she was occupying. The lease holder refused to come and pick up the excavator. She didn't understand why he hadn't repossessed the asset. She wasn't sure where the perpetrator was, but believed that he had left the country. The debt was only $25,000 to $30,000. Her income was below the threshold, she didn't own the property, and there was no commercial benefit to the creditor. However, her [work] license was impacted – she couldn't continue in her role after being made bankrupt. Very high cost for her for but no benefit to the creditor. She was under the impression that her former partner was a sole trader. She could not understand how she had been wrapped up in this, and hadn't been able to access any justice.*[116]

At present, there are no processes within the bankruptcy system for victim survivors to seek relief when their indebtedness results from financial abuse. For those who have no significant assets or income, bankruptcy

[109] Individual Interview C.
[110] Group 2, Interviewee 1.
[111] *Bankruptcy Act 1966* (Cth) s 153.
[112] *Family Law Act 1975* (Cth) s 79(4)(ca).
[113] Group 1, Interviewee 2; Group 2, Interviewee 1; *Family Law Act 1975* (Cth) s 79(12).
[114] Economic Abuse Reference Group, *Submission to the Consultation on the Family Law Amendment Bill (No 2) 2023* (17 November 2023) <https://earg.org.au/our-publications/submission-to-the-consultation-paper-on-the-family-law-amendment-bill-no-2-2023-november-2023>; Economic Abuse Reference Group, *Submission to the Senate Legal and Constitutional Affairs Committee on the Family Law Amendment Bill 2024* (4 October 2024) <https://earg.org.au/our-publications/submission-to-the-senate-legal-and-constitutional-affairs-committee-on-the-family-law-amendment-bill-2024-october-2024>.
[115] Individual Interviewee C.
[116] Individual Interviewee C.

can provide them relief from unmanageable debt and 'relieve the mental burden' of being chased by creditors or debt collectors.[117] For victim survivors who lose their home, other valuable assets, part of their income, or ability to work in their profession, bankruptcy exacerbates the harm that they experience from family violence. It is extremely stressful and further undermines their financial and housing security.[118] Bankrupt victim survivors are also liable to pay the trustee's fees, and their bankruptcy is recorded on the National Personal Insolvency Index permanently.[119]

C. Tax

Interviewees reported that tax debts were among the most common forms of coerced business debts that they encountered. These included Director Penalty Notices, Pay As You Go, and GST debts. An interviewee whose service supports the National Debt Helpline observed that tax debts now present more frequently compared to three years ago: 'While tax debt was the 10th presenting issue, it's now number 3'.[120] The interviewee recalled seeing many fraudulent GST claims by ex-partners or family members 'under a false business name or an old ABN that the client was no longer using', leaving victim survivors with 'enormous' debts with limited options for recourse.[121] While financial abuse within the tax system is increasingly recognised and was the subject of a recent investigation by the Tax Ombudsman,[122] several interviewees who assist with tax debts remarked that attempts to negotiate with the ATO for leniency with coerced debts is a slow process. In most cases, the best outcomes they could negotiate were payment plans or 'non-pursuit', meaning that the ATO would put debt recovery on 'hold' but any future tax refunds would be offset against the debt.[123]

The challenges faced by victim survivors who are attempting to self-advocate are illustrated in this vignette:

> *What really stood out to me was the power imbalance between my [culturally and linguistically diverse] CALD client and the ATO… they didn't listen to her. I had to intervene to get everything put on hold as they were intent on pursuing their already determined course of action. When her DFV and CALD vulnerabilities were raised, they determined she wasn't vulnerable as she had worked in a bank… If she didn't have representation, she would have lost her home already.*[124]

The immense stress that individuals experience during debt collection processes is well-documented elsewhere, and when the creditor is a government agency with extensive enforcement powers, the impact on debtors is even greater.[125] Further, when there is an element of criminality, such as GST fraud, perpetrators have been known to use the fear of potential criminal proceedings and threats to 'dob them in' as part of coercive control.[126]

Part 3: Intersectionality

A. Cultural and linguistic diversity

Coerced business debt cuts across socio economic and cultural divides.[127] At the same time, victim survivors from culturally and linguistically diverse (CALD) backgrounds face additional challenges if English is not their first language, they struggle to understand documents that they're asked to sign, or are unfamiliar with local

---

[117] Group 3, Interviewee 1.
[118] Group 1, Interviewee 2.
[119] In July 2024, the Federal Government announced it would introduce reforms to Australia's bankruptcy system that would reduce the time a bankruptcy is listed on the National Personal Insolvency Index to seven years, among other reforms such as increasing the threshold for involuntary bankruptcies from $10,000 to $20,000. At the time of writing, there has been no indication as to when these reforms will be legislated. See Mark Dreyfus MP, *Bankruptcy law reforms* (Media Release, 8 July 2024) <https://markdreyfus.com/media/media-releases/bankruptcy-law-reforms-mark-dreyfus-kc-mp>.
[120] Individual Interviewee C.
[121] Individual Interviewee C.
[122] Tax Ombudsman, *Identification and management of financial abuse within the tax system* (April 2025), <https://www.taxombudsman.gov.au/publications/review-into-the-identification-and-management-of-financial-abuse-within-the-tax-system>.
[123] Individual Interviewee A; Group 1, Interviewee 2; Group 2, Interviewee 1; Group 4, Interviewee 4.
[124] Group 2, Interviewee 1.
[125] *Royal Commission Into the Robodebt Scheme* (Final Report, 7 July 2023); Lucinda O'Brien, Vivien Chen, Ian Ramsay and Paul Ali, 'Government Debt Collection After Robodebt' (2024) 52(3) *Australian Business Law Review* 130.
[126] Sally Cameron and Linda Forbes, *Debt, Duress and Dob-ins: Centrelink Compliance Processes and Domestic Violence* (Economic Justice Australia, 2021).
[127] Group 3, Interviewee 2.

norms.[128] One interviewee spoke of a client who was told that 'in Australia, the husband and wife must sign everything' and another who discovered that she was a director of a company when she found a 'piece of paper in the garage'.[129] Victim survivors who are on temporary partner visas face increased risks of coercion, as the fear of losing their visa and being deported is known to drive compliance with the perpetrator's demands.[130] An interviewee explained that if 'the person using violence is [a permanent resident] and sponsoring them, they often use threats to report them to the Department [of Home Affairs] if they don't do what they're told. A lot of the time, even when there's violence at home, the client won't report it.'[131]

> *We also see a lack of understanding of family violence by [CALD] women… They don't actually understand that what is happening to them is family violence, and isn't acceptable. A client who came in through our tenancy team because she couldn't afford her tenancy just worked with the social worker. Then it transpired that she was the victim of horrific family violence. She wouldn't really acknowledge that, and didn't want to talk about it. The client had been in Australia for a while, but had a cultural belief that that's what men do. In her culture, talking about her ex-partner was seen as gossiping.*[132]

One of the implications of not recognising family violence is that victim survivors are unable to self-advocate. Frontline staff in financial institutions, creditors and government agencies may not have sufficient training to identify family violence and financial abuse. If the victim survivor does not disclose their experience (for example, due to shame or stigma, language barriers or because they have not identified it as financial abuse), they may not be referred to specialist teams or support services or offered appropriate relief from their debts. Interviewees also noted that at times migrant women are 'one step behind' their partners in navigating local systems. This increases the risk of them signing documents following threats by perpetrators that the victim survivor will get into trouble with government agencies if they 'don't keep doing things that are in line with the business'.[133] Susceptibility to such threats enables the continuation of financial abuse post-separation.

B. Regional communities

Interviewees from services that operate in rural and regional areas described the additional challenges experienced by communities located in the more isolated parts of Australia. They noted that economic abuse 'permeates all communities and cultures, but sometimes even physically reaching people who are remote and regional, and then doing it in a culturally safe way, if you're visiting a First Nations community, or if you're visiting a community of refugees who've recently arrived, adds another layer of challenge.'[134]

They spoke of the physical and technological isolation experienced by people living in regional areas with patchy mobile telecommunications coverage, noting that 'it's a lot harder for people who are being abused' to access support services or obtain independent advice.[135] Although there are teams who attend particular communities where a lot of First Nations people live, 'it might be one or two days a week, and then the other three days a week, they're in the neighbouring town 100km away.'[136] Yet, vulnerability to coerced business debts remain and 'the vast majority of farms are structured as businesses'.[137]

C. Vulnerability

People who live with disabilities, the elderly, and older teenagers were also observed to experience exacerbated impacts of financial abuse due to intersecting vulnerabilities.[138] For instance, one client with an acquired brain injury whose ex-partner managed her finances, was left with a $100,000 GST fraud debt.[139] Financial counsellors also recounted seeing coerced debt within the family, and 'the greater family unit', such as 'three families combining to do businesses'.[140] They explained that parents may be coerced into providing security for a loan by an adult child who is setting up a business, and the parent 'ends up losing their

[128] Group 4, Interviewee 2; Group 5 Interviewee 2.
[129] Group 5, Interviewee 2.
[130] Group 2, Interviewees 1 and 2.
[131] Group 5, Interviewee 2.
[132] Group 5, Interviewees 1 and 2.
[133] Group 5, Interviewees 1 and 3.
[134] Group 3, Interviewee 2.
[135] Group 3, Interviewee 1; Group 4, Interviewee 1.
[136] Group 3, Interviewee 1.
[137] Group 3, Interviewees 1 and 2.
[138] Individual Interviewees A and C.
[139] Individual Interviewee C.
[140] Group 2, Interviewee 1.

house'.[141] Conversely, parents who have assets to protect may 'put their child as the director who's got no real way of actually directing any of the business'.[142] Subsequently, the child ends up with the tax debt, faces bankruptcy, or has an impaired credit history that affects their capacity to get a mortgage. An interviewee described a 19-year old client who was terrified of a person known to the family who said, 'I'll do your first tax return. Don't worry about it.'[143] The person created an ABN, although the young client didn't have a business, and then lodged a fraudulent GST refund, diverting the money and leaving her with the tax debt.[144]

Part 4: Responses & Recommendations

The Victorian Government Royal Commission into Family Violence highlighted the hardship that victim survivors face due to coerced debts, noting that 'the psychological and emotional toll of attempting to resolve debts' while their own safety is at risk 'cannot be understated'.[145] Research demonstrates that debt collectors commonly use harsh tactics to harass debtors, contrary to guidelines.[146] Further, abusive ex-partners have been known to weaponise these processes by deliberately sending debt collectors after victim survivors who have fled.[147] This exemplifies broader patterns of systems abuse that pervade the perpetration of economic abuse through coerced debts.

As seen in Part 2, the harm that victim survivors experience from financial abuse can be exacerbated through their interactions with various systems. Nevertheless, interventions can be implemented to disrupt the harm and improve outcomes for victim survivors. In Section A, we examine the need for better access to free specialist support services for victim survivors. Section B considers strategies for prevention and early detection of coerced directorships, including through access to information, changes to the director appointment process, and the role to be played by professionals. Section C highlights the benefits of expanding consumer protections and dispute resolution pathways to small business loans. Finally, Section D considers potential legislative reform to Australia's corporations, tax and bankruptcy systems.

A. Funding for specialist support services

Victim survivors have very limited access to free services that have the capacity to assist with coerced business debts. Business debts are outside the scope of most community legal and financial counselling services. Yet, interviewees from these organisations still come across coerced business debts, and refer them on to the very few specialist services such as the Small Business Debt Helpline, the Financial Abuse Service NSW and tax clinics. The Small Business Debt Helpline is only able to provide advice, leaving victim survivors to self-advocate in very challenging circumstances. Likewise, funding restrictions limit the other specialist services' capacity to meet demand for their services and take on casework. As a result, many victim survivors are required to self-advocate based on advice from these services.[148] Most victim survivors cannot afford the legal fees required for legal representation to defend court proceedings by a creditor or commence their own proceedings, and pro bono legal representation is very limited.

The Royal Commission into the Robodebt Scheme highlighted the importance of advocacy groups to people experiencing vulnerability. Community lawyers, financial counsellors and tax clinics facilitate access to justice which is 'integral in a society that champions the concept of equality before the law'.[149] The Royal Commission underscored the need to ensure that these organisations are adequately funded. Yet, the lack of funding for services that assist with coerced business debts, and the crucial role that they play, emerged as a common thread across various interviews. An interviewee observed that many clients had made many attempts to get help elsewhere and came to them 'almost as a last resort', noting that, 'Many clients are just about giving up. It's just very difficult for them … we have to go very slowly and just try to address one [problem] at a time, because taking instructions from them is often very difficult and upsetting for them.'[150]

---

[141] Group 2, Interviewee 2.
[142] Group 2, Interviewee 2.
[143] Individual Interviewee C.
[144] Individual Interviewee C.
[145] State of Victoria, *Royal Commission into Family Violence: Report and Recommendations,* Vol IV, Parl Paper No 132 (2014-16) 102.
[146] O'Brien et al (n 44).
[147] Ibid 100.
[148] Individual Interviewee C.
[149] *Royal Commission into the Robodebt Scheme* (Final Report, 7 July 2023) 372 <https://robodebt.royalcommission.gov.au/publications/report>; O'Brien et al (n 125) 156.
[150] Group 1, Interviewee 1.

The impact that support services have on victim survivors is illustrated below:

> *One compassionate waiver I managed to get for a $60,000 loan [involved] a client who was suicidal. She was absolutely overwhelmed with gratitude and relief. She is still in court for two others. She is not out of the woods, but the relief that she expressed from having one of them off her plate was immense. Hopefully, it prevents her from dipping down into that really, really low point, knowing at least one of [the debts] is gone.*[151]

One of the very few financial counselling services that specialised in business debts closed in June 2025 due to the lack of funding. A financial counsellor from this service spoke of a past client who had been to 14 organisations before she was able to get help. An interviewee from another organisation that is not funded to assist with business debts described a victim survivor who came to them presenting as 'very, very overwhelmed' and unable to self-advocate.[152] The service was able to refer the client to appropriate services and provide additional support through a social worker. The interviewee explained that without their support, there was a real risk that the client would have 'buried their head in the sand', and the debts would have continued to accumulate, ultimately leading to worse outcomes.[153]

The detrimental consequences of not being able to access timely help are illustrated by another interviewee, whose organisation isn't funded to assist with business debts:

> *We do get a lot of clients who call in for advice, either to our legal service or the National Debt Helpline, who [have] business-related debts from a relationship. Unfortunately, a lot of the time, they're coming to us quite far down the track. By then, they're facing bankruptcy or court proceedings.*[154]

The interviewee also noted that some of these clients had tried to self-advocate without success.[155]

In addition to the need to fund free services, interviewees also highlighted the importance of specialised legal support, such as a national service for financial abuse in business or a small business community legal centre,[156] as dealing with coerced business debts requires specialist expertise in insolvency, corporations and tax law which is lacking in the community sector:

> *Even when I was a legal aid lawyer, even if I wanted to help, I didn't have the training. No one would have supervised it. It's not really a skill set that is within the free legal sector. I think clients have probably been told over and over again, "we can't help you".*[157]

B. Prevention and early detection

i. Access to information

As detailed above in Part 1C(iv), one systemic barrier to resolving coerced business debts involves difficulties in accessing information. While information about consumer debts is readily available on an individual's credit report or on request to the financial institution (due to legal obligations in the National Consumer Credit Protection Act and National Credit Code), information about business debts and the company's financial information is typically much harder for a victim survivor or their advocate to access and verify.

Barriers to accessing information are driven by assumptions that company directors have full visibility over their company's finances; gatekeeping by perpetrators and their professional services such as accountants; and fees charged for company searches, which are prohibitive for many victim survivors and support services.[158] Some victim survivors discover they are the director of companies they have never heard of before, only when a support service assists them to purchase a search of any offices held in their name.

---

[151] Group 1 Interviewee 2.
[152] Group 4, Interviewee 2.
[153] Group 4, Interviewee 2.
[154] Individual Interviewee B.
[155] Individual Interviewee B.
[156] Individual Interviewee C.
[157] Group 1 Interviewee 2.
[158] The Australian Government is legally required under the *Corporations Act 2001* (Cth) to charge fees for searching company information through the Australian Securities and Investments Commission. While there are some exemptions for search fees, for example for journalists, these do not extend to community sector advocates, government agencies or academics. The Government announced plans to remove many of these fees as part of the Modernising Business Registers program in 2019 but this program was stopped in 2023: Stephen Jones MP, *The Albanese Government stops*

Displaying an individual's Director ID and information from the ATO and ASIC databases on their myGov account would improve transparency and assist in prevention and early detection of coerced debts, by alerting victim survivors to fraudulent directorships or other liabilities in their name. A message in myGov could prompt victim survivors to learn more about director responsibilities or contact the relevant authorities to correct inaccurate information at an early stage, rather than discovering the extent of the economic abuse when the liabilities have grown and they have fewer options to resolve them.

ii. Director appointment process

Many interviewees described clients whose partners had coerced them into company directorships and exploited their lack of understanding of Australia's legal and corporate system. Increasing community education about director responsibilities and liabilities, including the consequences, costs and potential risks of director appointments, may help victim survivors to be more aware of the risks, and empower them to seek advice.

Addressing system vulnerabilities which allow perpetrators to impersonate victim survivors in the director appointment process would also reduce the number of victim survivors who are fraudulently appointed company directors without their knowledge or consent. This could include introducing real-time identity verification and processes to detect where a perpetrator has used a false email address to impersonate the victim survivor. Similar improvements could be made to the ABN application process to introduce friction and minimise opportunities for perpetrators to apply for ABNs in the victim survivor's name to engage in GST fraud. The Parliamentary Joint Committee on Corporations and Financial Services recommended that financial institutions introduce 'positive friction points to minimise the risk that a customer is applying for a product under coercion or duress or without providing free and informed consent'.[159] The same principles should apply to application processes for company directors and ABNs.

iii. Role of professionals

Our findings in Part 2A resonate with Adrienne Byrt et al who posit that auxiliaries, such as accountants, facilitate the perpetration of financial abuse.[160] Accountants and tax professionals play a crucial role as frontline service providers in both preventing and enabling financial abuse: they have an annual touchpoint with taxpayers and are uniquely placed to identify and disrupt financial abuse, yet are also often unwittingly or willingly complicit in financial abuse perpetrated through the tax system and business structures. The Parliamentary Joint Committee on Financial Services identified that 'there are inadequate levels of ethical responsibility and professional training among financial planners, financial advisers, and accountants with respect to financial abuse'.[161]

Legal, financial and tax professionals all have a critical role to play in identifying and preventing coerced business debts and disrupting economic abuse.[162] Interviewees also spoke of the need for 'education within the financial institutions, within government and within the professional services, because we can really mobilise all of the professional services system to be a key preventative role within this that they're not currently playing. So it's better to prevent rather than have to resolve.'[163]

The Parliamentary Joint Committee on Financial Services recommended that accounting, financial planning and financial advice industry bodies 'co-design education resources for service providers to enable increased identification of financial abuse and timely reporting of suspected abuse to financial institutions and law enforcement bodies'[164] and that the relevant professional bodies for lawyers and accountants 'review ethical obligations of their profession in relation to receipt of instructions which may have a financial abuse motive and institute accompanying penalties for members who actively enable or facilitate financial abuse on behalf of their clients where there is no other reasonable basis underlying the instruction given by the client'.[165]

Business Registers Program after independent review damning assessment (Media Release, 28 August 2023) <https://ministers.treasury.gov.au/ministers/stephen-jones-2022/media-releases/albanese-government-stops-business-registers-program>.

[159] Parliamentary Joint Committee on Corporations and Financial Services (n 6) Recommendation 43.

[160] Adrienne Byrt et al, 'Mapping Intimate Partner Financial Abuse Across Public and Private Systems' (2025) *Australian Journal of Social Issues* 1, 4-5.

[161] Parliamentary Joint Committee on Corporations and Financial Services (n 6) 108.

[162] Tax Ombudsman (n 122) 33; Economic Abuse Reference Group, *Submission to the Inspector-General of Taxation's Review into Financial Abuse within the Tax System* (18 December 2024) <https://earg.org.au/our-publications/submission-to-the-review-into-financial-abuse-within-the-tax-system-december-2024>.

[163] Group 2, Interviewee 1.

[164] Parliamentary Joint Committee on Corporations and Financial Services (n 6) Recommendation 37.

[165] Ibid, Recommendations 13 and 38.

While accounting industry bodies have begun to invest in capacity building and awareness raising of financial abuse, levels of awareness and understanding within the profession remain relatively low. Industry guidelines produced by the Australian Banking Association, the Australian Communications and Media Authority and others may offer guidance to professional associations in developing protocols, guidelines and training on financial abuse. At a minimum, professionals should be required to communicate financial, tax and accounting advice to both clients where they have been engaged by a couple, to interview clients separately if warning signs of financial abuse or coercion are present,[166] to cease acting for either client after a relationship breakdown to avoid a conflict of interest, and to provide copies of financial and tax records to former clients on request.

The Tax Ombudsman has also recommended that the ATO 'improve its written guidance and website communications to raise awareness amongst taxpayers and tax professionals about financial abuse, the types of support and relief that are available, and where to go for other forms of support such as community organisations, helplines and financial counsellors'.[167]

C. Expanding consumer protections and dispute resolution pathways

As detailed in Part 1C.i, interviewees emphasised the difficulties in achieving waivers or remedies from business creditors, compared to financial institutions providing consumer credit. Many loans to small businesses are provided by unregulated creditors which are not governed by any requirements to hold AFCA membership or hardship policies, limiting victim survivors' opportunities for redress and access to free dispute resolution.

Interviewees highlighted the need for the protections for vulnerable individuals to be extended to small business loans. They explained that the personal lives of small business owners are often closely intertwined with their business, such that the risks flowing from small business loans impact them in a similar way to how personal loans affect consumers.[168] Caseworkers spoke of the benefits that would flow from expanding consumer protections in the National Consumer Credit Protection Act and National Credit Code to small businesses, and requiring commercial lenders to be AFCA members so that victim survivors have a free pathway for dispute resolution without needing to pay legal fees for court proceedings.[169]

D. Legislative reform

i. Corporations law

Private creditors have discretion to make commercial decisions to release victim survivors from coerced business debts, though they are often reluctant to do so. In comparison, government agencies are typically constrained by legislation, and legislative reform is needed to provide victim survivors with relief from penalties for breaches of directors' duties or tax liabilities stemming from economic abuse, including Director Penalty Notices. The existing defences available to company directors in the *Corporations Act 2001* (Cth) and in the *Taxation Administration Act 1953* (Cth) do not contemplate family violence and economic abuse, and have been narrowly interpreted by the courts to exclude such circumstances.[170] The law does not currently provide a defence for victim survivors who were never involved in management of the company or were prevented from managing the company, exposing victim survivors to potential civil and criminal penalties, compensation orders and prohibition from managing companies. The Parliamentary Joint Committee on Corporations and Financial Services recommended that the *Corporations Act 2001* (Cth) be amended to ensure that family and domestic violence, including financial abuse, is appropriately recognised as a reason why a director may not in fact be managing a company.[171] This legislative recognition would also assist victim survivors to negotiate appropriate outcomes with creditors when they are required to self-advocate, given the barriers to accessing free support services.

Liquidators have a legal duty to act in the company's best interest and, if the company is insolvent, act in the creditors' interest. As waiving debts on the grounds of family violence may result in lower returns for

[166] This is considered best practice in the banking industry: see Australian Banking Association, *Preventing and Responding to Financial Abuse (including Elder Financial Abuse)* (February 2021).
[167] Tax Ombudsman (n 122) 33.
[168] Group 4, Interviewees 1 and 2.
[169] Ibid.
[170] See for example *Deputy Commissioner of Taxation v Robertson* (2009) NSWSC 597; *Deputy Commissioner of Taxation for the Commonwealth of Australia v Pavlinovich* [2001] WADC 86; Susan B Thomas, Becky Batagol and Madeleine Ulbrick, 'Intimate Partner Economic Abuse in Loans and Guarantees: An Empirical Review of 10 years of Cases' (2022) 35 *Australian Journal of Family Law* 252.
[171] Parliamentary Joint Committee on Corporations and Financial Services (n 6) Recommendation 55.

creditors, liquidators may be reluctant to expose themselves to liability for breaches of their obligations. Explicitly including family violence in the *Corporations Act 2001* (Cth) would allow liquidators to take family violence into account and improve liquidators' awareness of, and response to, economic abuse.

Proposed reforms that recognise family violence as a defence from liability raise questions relating to evidentiary requirements and safeguards against potential misuse of the defences through false claims. Examples of how these issues have been addressed in other Australian contexts are instructive. The *Migration Regulations 1994* (Cth) provide several alternatives including statutory declarations by victim survivors.[172] The consumer credit sector has adopted a more flexible approach. A letter or email from a community lawyer, financial counsellor or family violence professional assisting the victim survivor is often accepted by credit providers as evidence of financial abuse. Through extensive experience gained from assisting victim survivors, interviewing clients, and examining the documentary evidence emerging from investigations, caseworkers from these sectors are skilled in distinguishing genuine claims of family violence from false claims.[173] They are also incentivised to exercise a high level of caution when putting forward clients' claims of family violence, knowing that their service will lose credibility with the ATO or other creditors if they advocate for a client whose claim is false. AFCA advises firms to take survivors' disclosures of family violence 'on face value and not require the customer to provide evidence, for example, in the form of an intervention order'.[174] Such approaches reduce victim survivors' barriers to justice. Obtaining documentary evidence of family violence remains challenging for some victim survivors, particularly when the police are dismissive of their reports of financial abuse.[175]

ii. Tax law

The Parliamentary Joint Committee on Corporations and Financial Services recommended that 'the Australian Government extend the time period allowed to respond to a Director Penalty Notice in cases of reasonable claims of financial abuse'[176] and that a 'tax relief model for victim survivors of financial abuse similar to the United States IRS "innocent spouse relief" provisions' be adopted.[177] Modernising the ATO's serious hardship relief provisions would also reduce perverse outcomes, such as a victim survivor being disqualified from relief on grounds of serious hardship because they have both tax debts and child support debts, even if both debts were incurred due to the perpetrator's actions.[178]

Victim survivors of coerced business debts would benefit from clear policies regarding the ATO's response to financial abusive and coerced tax debts, which must be 'accompanied by effective oversight and a complaints-handling mechanism. This could be achieved by empowering the Commonwealth Ombudsman to investigate complaints regarding breaches of the policy … and requiring the Ombudsman to publish information about these complaints in its annual reports.'[179] At the time of writing, the ATO is consulting on its Vulnerability Framework, which does not identify family violence or economic abuse as an indicator of vulnerability.[180] The Tax Ombudsman has noted that the frameworks adopted by the banking and insurance sectors to support customers experiencing financial abuse 'offer useful exemplars to the ATO to avoid needing to start from scratch on a well-considered issue'.[181]

---

[172] *Migration Regulations 1994* (Cth) regs 1.24-26.
[173] Group 3, Interviewees 1 and 2; Group 2, Interviewee 1.
[174] AFCA, *The AFCA Approach to Joint Accounts and Family Violence* (June 2022) 14 <https://www.afca.org.au/media/549/download>
[175] In a previous submission, the EARG cites an example of a male police officer taking down 'very basic details' of the survivor's situation, noting 'possible identity fraud' committed online 'by an unknown person' with no further investigations despite there being an Apprehended Domestic Violence Order in place; Economic Abuse Reference Group, *Submission to Treasury on the Options Paper for regulating Buy Now Pay Later in Australia* (December 2022) 2-3 <https://earg.org.au/our-publications/submission-to-treasury-options-paper-on-bnpl-dec-2022>. See also Kerryne Barwick, Paul McGorrery and Marilyn McMahon, 'Ahead of Their Time? The Offences of Economic and Emotional Abuse in Tasmania, Australia' in Marilyn McMahon and Paul McGorrery (eds) *Criminalising Coercive Control* (Springer, 2020) 135, 153.
[176] Parliamentary Joint Committee on Corporations and Financial Services (n 6), Recommendation 56.
[177] Ibid, Recommendation 54.
[178] Kevin O'Rourke, Ann Kayis-Kumar and Michael Walpole, 'Serious Hardship Relief: In Need of a Serious Rethink?' (2021) 43(1) *Sydney Law Review* 1-42.
[179] O'Brien et al, 'Government Debt Collection' (n 125) 155.
[180] Economic Abuse Reference Group, *Submission in response to the ATO Consultation Paper on the draft Vulnerability Framework* (July 2025) <https://earg.org.au>.
[181] Tax Ombudsman (n 122) 7.

iii. Bankruptcy

Caseworkers identified that many victim survivors only seek assistance for coerced business debts 'quite far down the track' when they are facing bankruptcy.[182] Reforms to Australia's bankruptcy system announced by the Federal Government in July 2024 would benefit victim survivors by increasing the debt threshold at which they can be made involuntarily bankrupt by a creditor (from $10,000 to $20,000) and reducing the length of time a bankruptcy is listed on the National Personal Insolvency Index, among other reforms. At the time of writing, there has been no indication as to when these reforms will be legislated.[183]

[182] Individual Interviewee B.
[183] Mark Dreyfus MP, *Bankruptcy law reforms* (Media Release, 8 July 2024) <https://markdreyfus.com/media/media-releases/bankruptcy-law-reforms-mark-dreyfus-kc-mp>.

Appendix

Case study 1

She was a university graduate with postgrad qualifications. She stopped work when she had two children as her husband wouldn't allow her to work. His business failed, and he was deregistered [from his profession]. He then set up businesses, and unbeknownst to her, she was a director of the companies, and he hadn't paid the GST or the PAYG most of the time.

He'd forced her to sign documents, obscuring them and, hence, she didn't know what she was signing. She was very afraid. He was very assertive. If I can perhaps use a mild term, he was very assertive that she had to sign these documents otherwise the family's livelihood would stop, and they wouldn't be able to maintain the family's lifestyle unless she did this. The kids were at private schools. I've met her in person a number of times. She doesn't give the appearance of someone who's extravagant with her appearance, so it wouldn't have been her that was demanding this particular lifestyle.

He'd registered her with an ABN and GST. He'd lodged her tax return using a fraudulently obtained email, so the accountant or the tax agent sent documents to that email that he then signed online and sent back. Her tax returns had included rental income, and showed that he paid her tens of thousands of dollars in wages and withheld close to half. Tax refunds were paid directly to his account. He also coerced her to move her superannuation over to his self-managed fund.

He walked out of the house with a bag of clothes, and she later discovered that the house had a massive a mortgage of several million dollars which she had no capacity to repay. After he left, she received a Director Penalty Notice, which was when she discovered that she was a director of two companies. She's still suffering, and her mental health, of course, has been terrible.

Our client has been very reluctant to complain to anyone about his lack of child support. He's a finance manager, so he mustn't be lodging his payroll. There are no reports going to child support, and she doesn't want to report him. She's too frightened that if he loses his job, he'll move back to [location] and start harassing them again. Her two sons have been impacted so much. Can you imagine how those boys feel about what their father's done to their family? Because he did a tax return for the older son as well, declared that he paid wages, withheld half, and got the refund. Of course, the tax agent is complicit in this. The cost to everybody, the health system, is huge.

Case study 2

After her husband moved interstate, she started getting contacted by the creditor for business loans. She discovered that she was a director for her husband's shop although she never signed anything. The client looked at the documents and none of the signatures matched hers. She didn't know who the witness for the contract was and didn't understand why she was being chased for the debts, and so she contacted us. She had no income, no assets, was being supported by her adult children, and living with her son. She worked in the shop but was never paid as an employee.

Before she contacted us, she withdrew all her super, which was about $30,000, to pay towards this debt. Later, the franchisor offered to pay $450 a fortnight towards the debt if she paid $150 a fortnight towards the debt. She was only receiving Centrelink of about $600 a fortnight, and the debt was $85,000. I spent a lot of time explaining to her that she was judgment proof and her life was important. Then the creditors served her a bankruptcy notice and she started paying her entire Centrelink income towards the debt.

EARG
ECONOMIC ABUSE REFERENCE GROUP

MONASH University

Redfern Legal Centre