



Good Shepherd
New Zealand

Economic Harm Support Service Pilot

Interim six-month report

Economic Harm Support Service Interim report from the pilot

This report

This Good Shepherd NZ interim report provides a brief insight into the issues we have observed in the first six months of our Economic Harm Support Service pilot, including areas where we believe our clients are affected by the unintended consequences of government and financial sector policies and processes.

The report also provides suggested actions to improve outcomes for victims of economic harm:

- Banks and other creditors urgently need clear guidelines on how to respond to Protection Orders in relation to clients who have shared debts and/or accounts to ensure that the intent of a Protection Order, to prevent further harm, is upheld. Someone who discloses family violence should not be asked to contact the person who abused them, or provide contact details of the person who abused them, in order to access the support they need.
- Banks and other creditors need to limit liability on joint debts in cases of family violence, to ensure victims are only responsible for their half of the debt – in cases where the victim was coerced in the first instance, their share of the debts should be waived entirely. They should also explore preventative measures for ensuring people are not coerced into taking on individual or joint debt, or coerced into acting as guarantors for debt taken on by their partners.
- Government's family violence responses must be reviewed with an economic harm lens to ensure that a victim is genuinely able to access the resources on which their application for support is based. Financial support to recover from the impacts of family violence must be provided for those who have income and assets, but not the ability to access them.
- Government agencies need family violence training that includes economic harm in order to identify and modify areas where their current frameworks contribute to worse outcomes for victims.
- Legislators need to designate economic and financial abuse as its own form of violence *alongside* psychological, physical and sexual abuse.

Background

In November 2021, Good Shepherd NZ began a pilot Economic Harm Support Service specifically to support people affected by family violence to work through the ongoing impact of economic harm.¹ This pilot was developed based on recommendations from our 2018 report '*Economic Abuse in New Zealand; towards an understanding and response*'² that identified a gap in support for people affected by the often lifelong financial impacts of family harm.

¹ Good Shepherd NZ uses the term 'economic harm' to describe financial and economic abuse as it is defined in the Family Violence Act (2018) as a subset of psychological abuse. The terms economic harm and economic abuse are used interchangeably throughout this report. Economic harm is behaviour towards a person that controls, restricts or removes their access to money, economic resources or participation in financial decisions.

² [Milne, Sandra et al. "Economic Abuse in New Zealand: Towards an understanding and response." Victoria: Good Shepherd Australia New Zealand. 2018.](#)

The main objectives of the pilot are to:

- identify and provide the most appropriate support for people affected by economic harm;
- establish whether there is a demand for such support;
- identify improvements that could be made to financial, government and other services to reduce damage caused by economic harm; and
- identify actions that could prevent economic harm occurring in the first place.

The pilot consists of one full-time Financial Wellbeing Coach – Economic Harm, providing one-on-one support to clients over the phone. The service is available to the general public free of charge, however it has been promoted very narrowly to work within capacity and ensure the ongoing monitoring and evaluation needs required of the pilot can be maintained. The service is open to anyone who has been affected by economic harm – to date, 96 percent of these clients have been women.

The Financial Wellbeing Coach – Economic Harm has a professional background in both financial mentoring and family violence. A Projects Advisor – Economic Resilience, with a background in crisis intervention, safety planning, supervision and peer mentoring in the family violence sector provides advisory support.

Economic harm

Economic harm is a form of family harm that occurs in relationships – it can occur between family members, intimate partners, and even flatmates.

Family violence or harm is a pattern of abusive behaviour – including physical, psychological, sexual and/or economic – and involves an element of risk to safety, either real or perceived. This could be a risk to financial, psychological or physical wellbeing. For many parents in New Zealand, overwhelmingly women, this also includes the risk to the physical and emotional wellbeing of their children, by injury or harm, and threats to take children through vexatious use of the legal system.

Economic harm can occur in isolation, however overseas research tells us this is rarely the case and other forms of harm are likely to be present.

Acknowledgements

We are very grateful to the clients who allowed us to share their stories for this report – their identifying details have been changed.

We wish to thank BNZ for supporting us to pilot a specialist no interest ‘Good Loan’ as part of the total support package we are able to offer through this Economic Harm Support Service.

We wish to acknowledge BNZ, ASB and Westpac banks’ customer vulnerability teams for working with us to conscientiously review the experiences of shared clients, so we can establish the respective roles we have to play in better responding to the financial needs of victims of family violence.

Issue 1: Protection Orders and joint debt

Action needed

Banks and other creditors urgently need clear guidelines on how to respond to Protection Orders in relation to clients who have shared debts and/or accounts to ensure that the intent of a Protection Order, to prevent further harm, is upheld. Someone who discloses family violence should not be asked to contact the person who abused them, or provide contact details of the person who abused them, in order to access the support they need.

Commentary

A Protection Order is a legal document enforced by the Family Court. It is designed to protect a person from violence occurring in a close personal relationship. In this case study, the Protection Order made it unlawful for *Client A's* partner to abuse, either physically, sexually, financially, or psychologically, *Client A*.

In this case study, the Protection Order was effectively ignored by the creditor, and rendered ineffective in preventing financial abuse from occurring.

Creditors have told our clients they need a privacy waiver from both parties before they will disclose details of our client's joint debt to advocates. Our understanding is that any party to a debt should be able to access details of that debt, and any party to a debt should be able to have an advocate represent them.

Clients have also told us they have been asked, often repeatedly, for their ex-partner's contact details, told they have to bring their ex-partner into the conversation, or get agreement from their ex-partner in order to proceed with any discussion about the joint debt or access any hardship provisions.

Victims of family violence are constantly assessing their own and their children's safety and making decisions accordingly. When creditors ask, and in many cases insist, that victims of family violence make contact with their abuser or provide their abuser's contact details, they are often placing victims in a difficult or unsafe situation.

When the victim cooperates with such a request, they are often subjected to further abuse from their ex-partner. When the victim doesn't cooperate with such a request, they come across as hard to engage or belligerent, and do not receive the support they need to address their financial concerns.

Issue 2: Liability on joint debt

Action needed

Banks and other creditors need to limit liability on joint debts in cases of family violence, to ensure victims are only responsible for their half of the debt – in cases where the victim was coerced in the

Case study: Client A

Client A had separated from her partner and applied for a Protection Order that was now in place.

Client A and her ex-partner had an outstanding joint personal loan from a creditor.

After the relationship ended, *Client A* was in financial hardship and was struggling to make payments on the loan and *Client A's* ex-partner refused to make any payments.

The debt continued to accrue penalties and interest.

Client A approached the creditor to ask for help, however the creditor refused to enact any hardship measures without her ex-partner agreeing, which he would not do.

first instance, their share of the debts should be waived entirely. They should also explore preventative measures for ensuring people are not coerced into taking on individual or joint debt, or coerced into acting as guarantors on debt taken on by their partner.

Commentary

The case study for *Client B* is typical of many our clients' experiences and illustrates the unintended consequences of the application of several liability on relationship debt: that victims of family violence are effectively accountable for the abusive actions of their ex-partners.

It also reiterates the findings from our 2018 research report that women are concerned about the negative impact on their family of a poor credit rating:

“Women are more likely to honour debt, since clean debt records enable caring for children through housing tenancies and contracts for household goods and services. This makes them vulnerable to carrying a debt once a partner has left the scene, or maintaining the payment of debt within a relationship.”³

We have also seen clients who were not coerced into debt during the relationship, but after separation, ex-partners have refused to make any further payments on debts that were taken out together and agreed to during the relationship, leaving one person paying the bulk of the total debt.

It has been notable how consistently our clients have wanted a fair resolution to debt issues and to pay their share of the debt responsibilities. They do not wish to be absolved of their responsibilities, rather they want to be released from being held accountable for the abusive actions of their ex-partners.

Issue 3: Household income too high for support

Action needed

Government's family violence responses must be reviewed with an economic harm lens to ensure that a victim is genuinely able to access the resources on which their application for support is based. Financial support to recover from the impacts of family violence must be provided for those who have income and assets, but not the ability to access them.

Case study: Client B

Client B was referred to our service by a family violence agency. *Client B* had taken out a Protection Order against her ex-partner, and he was charged with assaulting her and her child.

During the relationship she had been coerced into taking out a joint car loan with a finance company. No payments were ever made on the loan, and the car was repossessed.

The finance company started chasing *Client B* for the outstanding balance because her ex-partner kept moving locations and the finance company was unable to find him.

She has now made a repayment arrangement for the full amount owing in an attempt to retain a positive credit rating.

³ Milne, S et al, *Economic Abuse in New Zealand*, 16.

Commentary

Many of the clients supported during this pilot have been unable to access government or community support, because their household income is in excess of the eligibility criteria for such support.

Our clients and Financial Wellbeing Coach have been routinely told by government agencies that there is no discretion at all in situations where a victim's income is above this threshold, if only by a few thousand dollars annually, even where safety is a concern. In one case, MSD only agreed to provide emergency housing after a family violence advocate became involved, but advised that she still earned too much for food grants for her and her children.

These provisions do not take the realities of family violence into account, that is, they do not consider coercion and control, and whether someone genuinely has access to their own or their household income, or the ability to make decisions about how it is spent.

There are currently too many family violence responses that do not account for the impact of this form of abuse, even though international research finds that economic abuse is present in more than 90% of cases where other forms of violence are present.⁴

Due to the lack of support, victims of family violence are accessing their Kiwisaver funds to repay the debts their abusive partners have incurred, and debts they have incurred while being coerced and controlled within a relationship. This has a significant effect on their long-term financial security, exacerbated by poor Kiwisaver outcomes for women generally.

Since identifying this issue early in the pilot, we have partnered with BNZ to pilot an extension to our no interest Good Loans to meet the needs of victims of family violence whose income is too high to access our regular Good Loans services.

Issue 4: Legislative frameworks that do not account for economic harm create additional burdens for victims of family violence

Action needed

Government agencies need family violence training that includes economic harm in order to identify and modify areas where their current frameworks contribute to worse outcomes for victims.

Case study: Client C

Client C left an abusive relationship, including economic abuse, and obtained a Protection Order. She contacted a family violence agency for support, and from there was referred through to Good Shepherd NZ for a loan for car repairs.

Client C had several personal loans and credit card debt totalling more than \$20,000. Her ex-partner had coerced her into taking on the debts for the things he wanted to buy because he had a poor credit rating.

Client C worked full time and her salary was higher than the income eligibility criteria to access support from Good Shepherd NZ's DEBTsolve or Good Loans programmes, or access financial support from MSD.

Client C began working with a financial mentor, who applied to access her Kiwisaver under its hardship provisions as they could not identify any other option to resolve her financial issues.

⁴ [New Zealand Family Violence and Economic Harm Statistics - Good Shepherd NZ](#)

Commentary

Legal issues

Several clients have had limited or no access to money because their property settlement has been stalled in the Family Court.

The length of time a settlement can drag out in the court system – whether delays are caused by systemic issues or are being created intentionally by an abusive partner to perpetrate further harm – creates particular difficulties in cases where family violence is present. When one person is restricting access to financial resources, the impact of a delayed settlement can be severe and ongoing, particularly where the victim of economic abuse is carrying the financial burden of the child(ren)'s needs.

IRD – Child support and Working for Families

Several clients have expressed the frustration of navigating IRD policies and processes that oversee Child Support and Working for Families payments.

In the majority of family violence cases, the woman is both the victim of abuse and the primary caregiver. She is therefore more likely to need the urgent financial support that is provided for children, and more likely to lack the confidence and resilience required to navigate such a difficult system after years of psychological abuse. Abusive former partners are able to misuse IRD processes to inflict harm, as in the case of *Client D*.

IRD does not adequately consider family violence in its Child Support or Working for Families determinations. In practice, this means that the reports from the victim and the abuser are given the same weighting – a 'he said, she said' approach that leaves victims who have been subjected to coercion, exploitation and control, often over many years, trying to prove that the other party has lied or misrepresented the situation.

Why these frameworks are not fit for purpose

Marriages and de-facto relationships are economically interdependent, and this interdependence is reinforced by legislation and by the courts. Household income and assets, not individual income and assets, determine the level of support we receive from the state, including Working for Families tax credits, legal aid, welfare payments, and the support we can access from community services.

These systems have been founded on the assumption that relationships are functional and constructive, and that two people in a romantic relationship apply fairness and respect to

Case study: Client D

Client D was psychologically abused during and after her relationship. *Client D's* ex-partner made a false report to the police about children not being safe and they were removed from her care.

Client D was able to access a lawyer to have the children returned to her care almost immediately. While *Client D's* ex-partner briefly had full custody of the children, he applied for Working for Families support.

When *Client D* contacted IRD to advise that the Family Court had instructed the children be returned to her care and they had been, IRD was not able to change the recipient of the payments.

IRD then required *Client D* to make child support payments to her ex-partner. Thus began a long, drawn-out process of engagement with IRD.

When the client disclosed family violence, IRD staff described the abuse as being a complex relationship challenge, undermining the seriousness of the abuse suffered by *Client D*.

their financial and economic partnership. Many of the issues highlighted in this interim report, including the issues briefly described with the legal system and IRD, derive from the limitations of these assumptions, and are not fit for purpose when family violence is present.

Recently, a ground-breaking compensatory payment was made in a Canadian civil court. The judge's comments clearly articulate this point:

“In the typical marriage, characterized by economic interdependence and mutual support, the family law statutory framework will be a complete code that allows for the fair, predictable, and efficient resolution of the parties’ financial issues post-separation.”

“However, the marriage before me was not typical: it was characterized by the father’s abuse, and a sixteen-year pattern of coercion and control. It was not just “unhappy” or “dysfunctional”; it was violent.”⁵

We need more consideration applied to financial, welfare, legal and other frameworks when one person has been abusing another, consistently by using various forms of abuse over a long period of time.

Issue 5: Limitations of the Family Violence Act

Action needed

Legislators need to designate economic and financial abuse as its own form of violence *alongside* psychological, physical and sexual abuse.

Commentary

Financial or economic abuse is defined as a type of psychological abuse in the Family Violence Act. Psychological abuse and economic abuse are different forms of violence that have different impacts on victims and consequently require different responses – for example psychological abuse does not affect a victim’s credit rating and consequently their ability to secure housing.

Our 2018 research report recommended that economic abuse be recognised as an independent form of abuse⁶, and we are still concerned that financial and economic abuse lacks the required attention and resourcing while it remains a subset of the definition of psychological abuse.

The impact of economic abuse on financial security has been identified as one of the key reasons people do not leave physically violent relationships. It is critical to focus specifically on economic abuse in order to break these cycles of violence and to address the lifelong financial impacts of economic harm, such as poverty and homelessness.

⁵ [2022 ONSC 1303 \(CanLII\) | Ahluwalia v. Ahluwalia | CanLII](#)

⁶ Milne, S et al, *Economic Abuse in New Zealand*, 28.