



ABA News to Use

Keeping banking's frontline personnel informed

Red Flags of Elder Financial Abuse

Financial institutions increasingly are being called on to help stem financial abuse of older Americans.

A study by the National Association of Adult Protective Service Administrators in 2001 reported 38,015 documented cases of financial exploitation of vulnerable adults. The study also found that only one out of 14 cases of domestic elder abuse incidences is reported, which could mean that numbers of cases of abuse exceed 850,000 annually.

According to the National Center on Elder Abuse, financial exploitation can include “the illegal or improper use of an elder's funds, property, or assets.” Examples include, but are not limited to, “cashing a vulnerable adult person’s checks without authorization or permission; forging an older person's signature; misusing or stealing an older person's money or possessions; coercing or deceiving an older person into signing any document (e.g., contracts or will); and the improper use of conservatorship, guardianship, or power of attorney.”

Financial exploitation can be devastating to the victim. Compounding the devastation is that the exploitation is often traced to family members, trusted friends, or caregivers. Financial abuse often occurs with the implied acknowledgment and/or consent of the elder person, even when that person is mentally capable, and therefore can be more difficult to detect or prove.

An industry fraud protection guide lists a number of red flags for a bank’s customer-contact personnel to be aware of in cases of potential financial abuse of older customers. These include:

- Sudden changes in accounts or practices, such as unexplained withdrawals of large sums of money, particularly with a vulnerable adult who is escorted by another person (e.g., a caregiver, family member or “friend”) who appears to be directing the changing activity patterns.

- Recent changes in authorized signers on a vulnerable adult’s financial institution signature card, particularly additions.

- Withdrawals of funds using an ATM card, particularly repetitive withdrawals over a short period inconsistent with prior usage patterns or at times, or on days, that appear unlikely to have been done by the customer (e.g., late night or very early morning withdrawals by elderly customers, withdrawals at ATMs in distant parts of town by customers who don’t drive, or use of an ATM card which was only recently ordered commensurate with the addition of a new authorized signer).

- Abrupt changes in a will or other financial documents.

- Unexplained disappearance of funds or valuable possessions.

- Substandard care being provided or bills unpaid despite the apparent availability of adequate financial resources.
- Discovery of a vulnerable adult's signature being forged for financial transactions or for the titles of his or her possessions.
- Sudden appearance of previously uninvolved relatives claiming their rights to a vulnerable adult's affairs and possessions.



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