

CASE STUDY

FINANCIAL ABUSE OF OLDER PEOPLE

Case study sixteen: Is this abuse?

Source: CPA Australia member

A woman was widowed but her husband had left her with a comfortable inheritance and she owned her own home. Her will divided her estate equally to each of her three children. The elder son was appointed under an Enduring Power of Attorney to look after her affairs, and he was also appointed the sole executor under her will.

The woman was demonstrating symptoms of mild dementia, but it had been progressing – she was now often childish in her behaviour. She had never been interested in financial matters and had left the entire arrangements to her son.

Her son decided that the large cash balances the mother held were not earning sufficient interest in fixed deposit at the bank. It made more sense for him to take the cash and allocate it against his own mortgage. He decided that he would account for this on an MS Excel spreadsheet, and credit his mother's "account" with the interest he would otherwise pay the bank. The difference was around four per cent, so the mother's estate would be better off. The son was proud of this strategy as he thought it made good investment sense.

- As a practitioner, would you see this arrangement as potentially abusive?
- What problems do you foresee and how could they be avoided?