

CASE STUDY

FINANCIAL ABUSE OF OLDER PEOPLE

Case study eleven: Anticipating the problem

Source: CPA Australia member

Alexa is a CPA, a member of her local church and multi-lingual. She is often asked to translate for members of her church community who are seeking to make changes to their financial arrangements with banks and other agencies.

Philomena and her son, Saverio, have come to Alexa to assist with the execution of some banking documents. Neither Philomena nor Saverio have been clients of Alexa's in the past, but she knows Philomena quite well through her church. Philomena was widowed four years ago and her husband left the family home and some cash to her. He left the family construction business to Saverio, their eldest son of whom Philomena is extremely proud.

Saverio now sees an opportunity to expand his business through the acquisition of a similar business interstate. He needs to borrow some funds to enable him to do this and the bank has tentatively approved the loan, provided he can provide additional security.

Saverio has asked Philomena to take out a mortgage on her home. He has come together with his mother to execute the documents under Alexa's supervision and has explained to Alexa that it is not a "big deal". The business opportunity is a "no-brainer". He does not require any cash from his mother, who will continue to live in her home. However the additional mortgage will secure the loan and enable them to take advantage of this "opportunity of a lifetime".

- Do you see any cause for concern with this arrangement?
- How would you advise Philomena?
- What reaction would you expect from Saverio, and how would you deal with it?