

What every Canadian should know about financial elder abuse

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It's everyone's nightmare: someone convinces a loved one to hand over the financial reins, invest in a "project" they believe in or help them out in an "emergency" scenario, and by the time they realize something isn't right, a lifetime of hard-earned money has disappeared. While anyone can end up in this situation, it's particularly upsetting when the victim is an older adult because they are considered to be a more vulnerable population.

Although elder abuse comes in many forms, one of the most insidious is financial abuse. According to the Canadian Department of [Justice](#), financial abuse is the most commonly reported type of elder abuse. It is also one of the most difficult forms of abuse to identify in its early stages.

"Red flags can be hard to identify because sometimes the senior doesn't even realize they're consenting to a form of financial exploitation," explains **Lydia Potocnik, Vice-President and Regional Director, Estate and Trust Services, BMO Private Wealth**. "In many instances, the financial abuse is conducted by a family member upon whom the older adult is dependent, but they might also be a caregiver, service provider or anyone in a position of power or trust."

Elder financial abuse refers to theft or exploitation of an older person's money, property or assets – sometimes through persuasion or trickery, other times with threats.

According to the [Canadian Anti-Fraud Centre's](#) (CAFC's) 2022 Annual Report, Canadian seniors (people over age 60) made 17,000 fraud reports to the tune of \$137.8 million in 2022. That's likely just the tip of the iceberg, given the CAFC estimates only 5% to 10% of [fraud](#) victims actually report the crime.

"From my research, elder financial abuse is considered to be the crime of the 21st century because it is so widespread," notes Potocnik. Here are some of the common signs of elder financial abuse and how you can help protect your loved ones from becoming a victim.

Abrupt changes in their Will, property ownership or power of attorney

Any time an older loved one makes drastic changes to their Will, such as removing all but one family member as beneficiary or replacing everyone in the Will with a new companion, it is a potential red flag. Similarly, if an older loved one adds someone to their property title as a joint owner or names a new Power of Attorney for Property (POA), they may be under an abuser's influence.

"This is the most common form of financial abuse," says Potocnik. "Where Power of Attorney for Property documents are being misused and financial decisions are being made on behalf of a person."

Individuals should appoint a [POA](#) whom they know well, can trust and who will truly act in their best interest. In some cases, she adds, it may be appropriate to appoint two people jointly, as a check and balance to prevent misuse of funds. While it might be a headache for the POAs in question, it can reduce the chances of one attorney misusing the funds, as they must agree regarding all the choices they make, financial or otherwise.

Sudden changes in banking patterns

Most of us are creatures of habit, especially by the time we hit our golden years. When an older parent who's never been late on a credit card payment misses a payment entirely or suddenly says they don't have enough money to cover expenses, that should be a red flag. If the way someone is living no longer aligns with what you know to be their standard of living or quality of life, it's time to start asking questions.

Large cash withdrawals or unusual purchases are also signs that someone else might be in control of an older person's financial situation, or they are being coerced into giving someone money.

"Our professionals at BMO are becoming better trained to recognize this type of behavior as a potential concern," says Potocnik. "And we encourage clients to appoint a Trusted Contact Person on their account."

Think of a Trusted Contact Person (TCP) as an emergency contact a financial advisor can reach out to when they are unable to contact your loved one, suspect financial abuse or have concerns about their mental capacity. Ensuring your older loved one has named a TCP can provide an extra layer of protection by ensuring someone they trust and knows their routine can handle difficult conversations about their personal

situation. Notably, the TCP is not permitted to make financial decisions on your loved one's behalf the way a POA can.

"It is a good idea to have a Trusted Contact Person that's different from the power of attorney," she adds. "Because it allows you to have more checks and balances in place as well."

A new companion

There's nothing wrong with a widow or widower finding love again after their spouse passes, but there are a number of scenarios that should give you pause. If there is a significant age gap, the new companion has been your loved one's caregiver or they won't introduce their new partner to the rest of the family, there may be more to the relationship than romance. It's even more suspicious when the relationship progresses quickly.

"Often, older people are living in isolation and they're lonely, so when someone shows interest in them, they don't want to believe that it isn't authentic," explains Potocnik. "It makes for a difficult conversation, even when family members and police are telling them that the new companion may have ulterior motives."

In the social media age, romance fraud is also a growing problem among older Canadians. A random "accidental" Facebook message turns into a personable exchange, which leads to deep conversations on Messenger. Your loved one feels valued by this person, so when they explain why they need thousands of dollars to help them pay off their medical bills, it seems legitimate. Sadly, the CAFC reports the average amount seniors lost to romance fraud in [2022](#) was \$67,327.

Changes in social behaviour

It can be painful when a loved one stops replying to your texts regularly or begins turning down invitations to social events, but it may also be a sign that something is seriously wrong. Abusers tend to use [isolation](#) as a way to prevent their victims from letting family and friends know what is happening. They may also withdraw socially because they realize what's happening and are too embarrassed to tell anyone.

"There's a stigma attached to these types of situations, where an elderly person may feel ashamed that they're being taken advantage of, and it's difficult for them to talk about," Potocnik says. "We have to put ourselves in their shoes and try to establish a safe place to have these conversations with them."

If you suspect financial elder abuse, report it. “If there’s clear evidence supporting any type of exploitation, reporting the financial abuse to the police is something you want to do and not avoid,” she adds. “It’s really important to hold these individuals accountable.”

Staying on top of the latest investment fraud schemes (like the [grandparent](#) scam) can also help you spot the early warning signs of elder abuse. Potocnik suggests the [Canadian](#) Network for the Prevention of Elder Abuse is a good resource for families looking for information or support on how to deal with elder abuse and neglect.

“Unfortunately, as our population ages, we’ll likely see an increase in financial elder abuse” she adds. “We need to ensure that we make our clients aware of how to protect themselves from becoming a victim and also keep a watchful eye out for older family members and clients that may be at an increased risk of financial abuse.”