Identifying and responding

to signs of financial

exploitation

Research suggests that older Canadians are at a heightened risk of financial exploitation, that Canadians aged 65 or older are the most likely age group to report being the victims of financial exploitation, and that financial abuse is the second most common form of elder abuse in Canada. However, vulnerability can affect a client of any age, take many forms and can be temporary, sporadic or permanent.

Financial exploitation and vulnerability

Some clients may be vulnerable due to illness, impairment, disability, or an age-related limitation. These vulnerabilities may make clients more susceptible to financial exploitation. Financial exploitation is the use or control of, or deprivation of the use or control of, a financial asset of an individual by a person or company through undue influence, unlawful conduct or another wrongful act. Vulnerable clients may be especially susceptible to exploitation by someone who is close to them, such as a family member, friend, neighbour or another trusted individual (e.g., attorney under a power of attorney (**POA**), service provider or caregiver).

## Your role

As [a(n) TITLE], you are in a unique position to identify and respond to potential financial exploitation. Through the interactions that you have with your clients and the knowledge that you acquire through your relationship with them, you can identify signs of financial exploitation and take certain steps to help protect your clients.

These steps may include contacting a trusted contact person (**TCP**) and/or placing a temporary hold on a purchase, sale, transfer or withdrawal, in accordance with our policies and procedures. You should also talk to your clients about concerns that arise and document your conversations.

## Examples of warning signs of financial exploitation of a client may include:

* unexplained or sudden withdrawals from accounts or account closures;
* unexplained changes in the risk profile of an account from low risk or capital preservation to high risk;
* sudden reluctance to discuss financial matters;
* new or unknown caregivers, friends or family members coming to client meetings;
* difficulty communicating directly with the client without the involvement of others;
* sudden or unusual requests to change ownership of assets (e.g., requesting that investments be transferred to a joint account held by family members, friends or caregivers);
* sudden or unexplained changes to legal or financial documents, such as a POA or a will, or a change of account beneficiaries;
* an attorney under a POA providing instructions that seem inconsistent with the client’s pattern of instructions;
* unusual anxiety when meeting or speaking (in-person or over the phone);
* unusual difficulty with, or lack of response to, communications or meeting requests;
* limited knowledge about their financial investments or circumstances when the client would have customarily been well informed;
* increasing isolation from family or friends; or
* signs of physical neglect or abuse.

**One warning sign alone may not be indicative of financial exploitation. The warning signs listed are not exhaustive -- you may notice other signs that are not listed above.**

## Tips for identifying and responding to signs of financial exploitation:

* Familiarize yourself with some of the warning signs of financial abuse and exploitation. Share this knowledge with your client and ask questions that would help identify areas of concern. For example, if your client arrives with a new or unknown caregiver, friend or family member, you may wish to speak to your client privately and inquire about the client’s relationship with this individual and how the individual plays a role in providing support to your client.
* Talk to your clients about how they would want you to proceed should you become concerned that they may be experiencing financial exploitation. Document your conversations.
* Develop a practice of observing and regularly documenting your client’s decision-making style, approach to investing and understanding of financial concepts. Note areas of inconsistency.
* Let your clients know that they can always speak to you in confidence should they ever think that they may have become a target of abuse or exploitation.
* Understand the relationships your clients have with friends, family and other professionals, such as a lawyer or an accountant.
* If your client has appointed an attorney under a POA, ask them to provide you with a copy of the documentation and ensure that your records are kept up to date.
* Encourage your client to name a trusted contact person and obtain from the client consent for the TCP to be contacted in certain circumstances.
* In accordance with client consent, you may consider contacting a TCP:
  + if you notice signs of financial exploitation;
  + if the client exhibits signs that they lack mental capacity to make decisions involving financial matters;
  + to confirm the client’s contact information if you are unsuccessful in contacting the client after repeated attempts and where failure to contact the client would be unusual; or
  + to confirm the name and contact information of a legal guardian, executor, trustee, an attorney under a POA or any other legal representative.
* Ensure you are familiar with our protocols for escalating concerns about financial exploitation, [which include protocols for contacting law enforcement, provincial seniors advocate offices or the provincial Office of the Public Guardian and Trustee].
* If our firm has a reasonable belief that financial exploitation of a vulnerable client has occurred, is occurring, has been attempted or will be attempted, or that a client has lost the mental capacity to make decisions regarding financial matters, we may be able to place a temporary hold on a purchase, sale, transfer or withdrawal. Review [FIRM POLICY] for important steps to follow and who to contact.

## [FIRM] has policies and procedures available to assist you in responding to financial exploitation, including:

[*List of relevant policies, procedures and contacts at your firm. You may wish to review* [*CSA Staff Notice 31-354 Suggested Practices for Engaging with Older or Vulnerable Clients*](https://www.osc.ca/documents/en/Securities-Category3/csa_20190621_31-354_suggested-practices-for-engaging-with-older-or-vulnerable-clients.pdf) *for examples of policies and procedures that address relevant topics, such as account supervision, handling of powers of attorney and limited trading authorizations, and reporting and escalating issues.*]