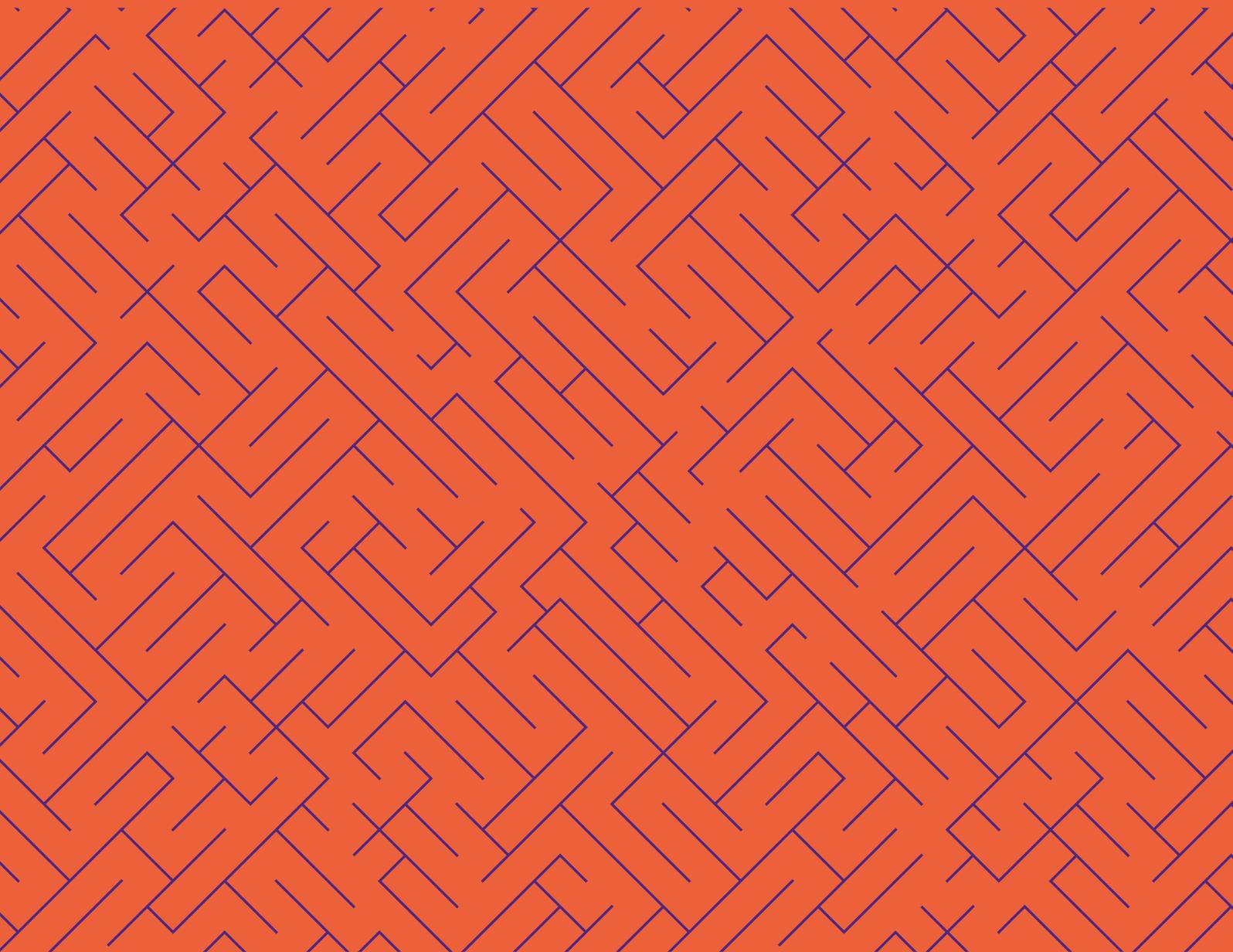


# What is coerced debt?



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Being in debt can be extremely worrying for anyone, especially if the debt has been caused by an abusive partner.

If you have been forced to make transactions that led you into debt, or if you have had debts fraudulently built up in your name, this resource is for you. It provides information about this type of debt – known as **coerced debt** – and the possible solutions.

## Understanding coerced debt

**“If I didn’t have enough cash to pay for what he wanted, he would give me an ultimatum – what would cost more: to buy him what he wanted or the cost of the damage he would do when he smashed everything in sight. So I got my credit card out and ended up with £3,000 worth of debt.”**

Domestic abuse takes many forms and does not always involve the use of physical violence. Some abusers repeatedly dictate their partner’s choices and control their everyday actions, becoming violent or threatening to become violent if their demands are refused. This pattern of behaviour is a form of abuse known as **coercive control**.

Coercive control is a way of intimidating, isolating and controlling someone<sup>1</sup>, and is almost always perpetrated by a male abuser against a female victim<sup>2</sup>.

An abuser may restrict or control how you acquire, use and maintain money and economic resources, including accommodation, food and clothing<sup>3</sup>. This is known as **economic abuse**, and it is commonly experienced within the context of coercive control.

Forcing or coercing someone into debt is a common form of economic abuse.

**“I am not a stupid woman; this could happen to anybody.”**

If you have been coerced into debt by an abusive partner, you are not alone. Coerced debt is very common.

One study suggests that 1 in 10 women has had debts put in her name and was afraid to say no<sup>4</sup>. It is even more common among those who have experienced other forms of domestic violence.

In SEA’s work with women who have experienced domestic violence, 50 per cent said they had been made to take out a loan or buy something on credit when they did not want to. 43 per cent said that their partner had built up debt in their name. 33 per cent said that their partner had taken out a loan or bought something using credit in their name without their permission<sup>5</sup>.

## Types of coerced debt

An abuser may have coerced you into debt in any of the following ways:

- making you take out a credit card or loan against your wishes
- making you buy something on credit against your wishes
- taking out a loan, mortgage or credit card in your name
- using your credit card
- using other sources of credit in your name, such as an internet account or phone
- putting bills in your name, including rent or mortgage payments, utility bills,

car finance agreements, mobile phone contracts or catalogue payments

- forcing you into a position where you need to take out credit to afford to live, for example by stealing from you, taking your wages or making you buy things.

The nature of coerced debt means there are negative consequences for not doing as the abuser asks. Debt is the safest option.

## Coerced debt and technology

**“He applied for multiple loans in my name by using the app on my phone. Loans for over £50,000 in total.”**

Advances in technology have made banking more accessible. For example, it is often possible to apply for or extend a credit agreement online or using a banking app.

Access to credit through technology can, however, make it easier for an abuser to coerce someone to take out credit. It is much harder for a lender to know if someone is being forced to take out credit when an application is made online.

**“I was with an abusive partner for five years. Throughout the relationship he managed to get me into £30,000 worth of debt. I will be in debt for the next 20 years of my life.”**

### Speak to a qualified debt adviser

Some debt solutions can have long-term consequences. It is important to speak to a qualified debt adviser before taking any action to tackle your debts.

## What is the impact?

**“He continues to thwart my ability to rent or own a property, to work, to qualify [in my industry]... four years after leaving him, I’m as controlled by him as I always was.”**

Perpetrators of economic abuse often use debt to gain power and control over their partner.

Being in debt can cause financial instability and make you dependent on the abuser. Any available money is often spent paying back debts, which can leave you without the means to leave and live independently. For example, you may not be able to afford a deposit for a place to stay, or may not have the train or bus fare needed to leave. Coerced debt can, therefore, put your safety at risk and trap you in a relationship with the abuser.

Abusers often use controlling behaviour in relation to the debt. This may include hiding the extent of the debt or refusing to let you pay on time, if at all<sup>6</sup>. Coerced debt is, therefore, linked to credit damage, which can have long-term effects.

## Tackling coerced debt

It can be very difficult to get coerced debt recognised by the courts and/or creditors (the people you owe money to), as they often assume that couples are a financial unit.

You will usually be responsible for any debts that are in your name. There is no general exception for people who have experienced economic abuse and have been coerced into debt.

However, there are a number of debt solutions that you may wish to discuss with a qualified debt adviser and/or a legal

adviser. The right option for you will depend entirely on your circumstances, and it is important to seek debt advice before taking any action.

## Prosecution for controlling or coercive behaviour

The Serious Crime Act 2015 made coercive or controlling behavior in intimate or family relationships a criminal offence. Economic abuse is included in a list of the types of behaviour associated with control or coercion. This law, therefore, means that someone could potentially be prosecuted for economic abuse, including coercing someone into debt.

If you wish to pursue a prosecution, this a solicitor or legal adviser can support you to do this. The [Law Society](#) provides details of local solicitors and legal advisers. Organisations such as [Rights of Women](#) may also be able to support you with advice and information about your legal rights.

## Challenging the liability for coerced debt

There are legal principles and protections in UK law that may make it possible to challenge the liability for coerced debt.

### Consumer credit law

All organisations providing credit must abide by the principles of consumer credit law and the regulations of the Financial Conduct Authority to treat customers fairly. Challenges can sometimes be made if a lender has not upheld their legal obligations. These include properly assessing that a customer can afford the repayments, and checking that they have not been forced into agreeing to the debt.

## Legal protections

A contract with a creditor may be invalid if any of the following apply:

- **economic duress**, where one party is pressured or threatened into making or changing a contract
- **undue influence**, where a contract is entered into because of an abuse of a relationship of trust and confidence
- **misrepresentation**, where a contract is entered into as a result of an untrue statement.

A contract is not automatically invalid in these circumstances and it is often at the court's discretion, but in some cases these principles can be used to challenge the liability for the debt. Usually, the pressure, threat or untrue statement must come from the creditor, not from a third party (such as the abuser).

## Fraud

Challenges to the liability for the debt can also be made in cases of fraud – if the debt was taken out in your name without your knowledge. Fraud is illegal, and laws exist to support people who have had debts fraudulently built up in their name.

You may wish to seek legal advice if you wish to challenge the liability for the debt in any of these ways.

**“I was told there was nothing that could be done as the debts were in my name, so I had to start paying them off.”**

## Other debt solutions

If challenging the liability for the debt is not right for you, there are many debt solutions that you may wish to consider and discuss with a qualified debt adviser.

### Debt write-off

If you have been coerced into debt, you may wish to clear the debts and make a fresh start. It may be possible to ask creditors to write debts off on the basis of economic abuse.

### Insolvency

If you are unable to pay the debts you owe, you may be able to apply for **insolvency**. There are different criteria for each insolvency solution, and some have long-term consequences.

- **Bankruptcy** is a way of writing off debt if repaying is not possible. While you are bankrupt, any assets that you have might be used to pay off your debts. After a period of time (usually one year), most of your outstanding debts will be written off and you can make a fresh start.
- A **debt relief order (DRO)** can be entered into if you meet certain criteria, including having debts up to the value of £20,000. A debt relief order last for one year, during which time your debts will be frozen. If you still meet the criteria at the end of the year, most of your debts will be written off.
- An **individual voluntary arrangement (IVA)** is a formal arrangement put together by an insolvency practitioner with your creditors to repay all or part of your debts. The arrangement is for a set period of time, normally five years.

## Debt management

There are also solutions to make repaying the debt more manageable.

- An **administration order** is a formal and legally binding agreement between you and your creditors to pay back your debts over a period of time. To be eligible, you must have an unpaid county court or high court judgment against you that you cannot pay in full. Your debts must also be less than £5,000.
- A **debt consolidation loan (DCL)** is a way to simplify, but not to clear debts. You can merge all your debts together into one loan to make it easier to keep up with repayments.
- A **debt management plan (DMP)** is an informal arrangement that allows you to repay debts at a more affordable rate. You deal only with the DMP provider, who liaises with creditors on your behalf to find a workable solution.

## Choosing a debt solution

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There are advantages and disadvantages to each debt solution, and the right option will depend on your circumstances.

**It is important to seek debt advice before taking any action.** If you have been coerced into debt by an abusive partner, a qualified debt adviser can talk you through the options available to you based on your specific situation. This resource should not be used as a replacement for speaking to a qualified debt adviser.

There are a number of organisations that you can contact for support, information and advice if you have been coerced into debt. See our resource on [Organisations that can help](#) for the full list.

## Organisations that can help

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### Debt Advice Foundation

**W** [www.debtadvicefoundation.org](http://www.debtadvicefoundation.org)

**T** **0800 043 4050** (Mon–Fri, 8am–8pm;  
Sat, 9am–3pm)

Offers free, confidential advice and information on loans, credit and debt. Runs a debt advice helpline with qualified debt advisers.

### Debt Support Trust

**W** [www.debtsupporttrust.org.uk](http://www.debtsupporttrust.org.uk)

**T** **0800 085 0226** (Mon–Fri, 8am–7pm)

Speak to an expert debt adviser by phone or email, or complete a debt questionnaire online to access tailored debt advice.

### Money Advice Plus

**W** [www.moneyadviceplus.org.uk](http://www.moneyadviceplus.org.uk)

**T** **01273 664 000** (Mon–Fri, 9am–1pm &  
2pm–5pm)

Offers specialist debt and benefit advice to people in financial difficulty. Works with SEA on the [Domestic and Economic Abuse Project](#).

### Money Advice Trust

**W** [www.moneyadvicetrust.org](http://www.moneyadvicetrust.org)

**T** **National Debtline 0808 808 4000**  
(Mon–Fri, 9am–8pm; Sat, 9.30am–1pm)

**T** **Business Debtline 0800 197 6026**  
(Mon–Fri, 9am–8pm)

Helps people tackle debts and manage money. Qualified debt advisers are available by phone, with fact sheets online.

## References

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2. Sharp-Jeffs, N. with Learmonth, S. (2017) *Into Plain Sight: How economic abuse is reflected in successful prosecutions of controlling or coercive behavior*. London: Surviving Economic Abuse
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4. Sharp-Jeffs, N. (2015) *Money Matters: Research into the extent and nature of financial abuse within intimate partner relationships in the UK*. London: Refuge and The Cooperative Bank.
5. Surviving Economic Abuse, (2019), *Midterm Report of the Economic Justice Project*.
6. Littwin, A. (2012) *Coerced Debt: The Role of Consumer Credit in Domestic Violence*. *California Law Review*: 952-1026.

### StepChange

**W** [www.stepchange.org](http://www.stepchange.org)

**T** **0800 138 1111** (Mon–Fri, 8am–8pm;  
Sat, 8am–4pm)

Get expert debt advice, online or by phone, based on your situation. Recommends debt solutions and provides debt information online or by phone.

### Turn2us

**W** [www.turn2us.org](http://www.turn2us.org)

**T** **0808 802 2000** (Mon–Fri, 9am–5.30pm)

Helps people in financial hardship access benefits and grants. Website has a benefits calculator, grants search and a 'find an adviser' search. Also has its own grants scheme and a freephone helpline.

## Further support

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If you are experiencing economic abuse, you are not alone. We have more information that can support you to take steps towards safety and begin to regain control of your finances.

Visit [www.survivingeconomicabuse.org/resources](http://www.survivingeconomicabuse.org/resources) for information including:

- Steps you can take towards economic safety
- Economic abuse and controlling or coercive behaviour
- Grants, benefits and financial help

Surviving Economic Abuse (SEA) is the only UK charity dedicated to raising awareness of economic abuse and transforming responses to it. We are determined that women are supported to survive and thrive.

Money Advice Plus is a specialist Money and Debt Advice Charity. It is the only charity with a national service dedicated to supporting domestic abuse survivors with their money worries to increase financial stability.

## For more information

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Visit [www.survivingeconomicabuse.org](http://www.survivingeconomicabuse.org)

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