Reverse Your Thinking ®

EDUCATIONAL RESOURCE SERIES
Collaborate. Educate. Problem-Solve.

Financial Abuse of Elders and Dependent Adults

Understanding financial exploitation, recognising warning signs and protecting vulnerable adults.



Understanding Financial Abuse

Financial exploitation of elders and adults with disabilities is a fast-growing form of abuse in the United States.

Financial abuse occurs when someone improperly uses an older or dependent adult's money, property, or financial resources for their own benefit. It may involve fraud, undue influence, misuse of legal authority, or exploitation by someone the individual knows and trusts.

Recognising potential warning signs early can help attorneys, financial planners, and families protect vulnerable individuals and identify when further investigation or professional assistance may be necessary.

Be Alert for Transaction Red Flags

1. Recent deeds in the chain of title that are not covered by title insurance.
2. Use of Powers of Attorney in property transactions.
3. Properties owned free and clear, which may be targeted by fraudsters or family members.
4. Documents signed outside the escrow process.
5. Sale or loan proceeds directed to someone other than the borrower or seller.

Be Alert for Impaired Cognitive Ability

1. Appears confused or disoriented.
2. Appears to be led or controlled by another person.
3. Seems unaware of dates or times.
4. Demonstrates a lack of understanding of the transaction.
5. Any other behaviour or circumstances that raise concerns or seem inconsistent with your intuition.

Legal Considerations & Title Insurance

Financial abuse can affect property ownership, estate planning, and financial security. Transactions involving undue influence, incapacity, or misuse of a Power of Attorney may raise serious legal and title concerns.

Estate planning attorneys and financial planners play an important role in identifying potential warning signs, reviewing unusual transactions, and helping clients seek appropriate professional guidance.

Early communication between legal, financial, and real estate professionals can help protect vulnerable clients and reduce the risk of further exploitation.

Most states permit rescission of a real estate transaction or mortgage involving undue influence, duress, incompetency, incapacity, or lack of authority and nearly every title insurance policy provides affirmative coverage against such defects.

Additional Underwriting Information

For detailed information, review the Underwriting Communication NA-2016-013-Standard: Financial Abuse of Elders and Dependent Adults, in the Content Library of AgentNet®, or contact your local First American Title underwriter.

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