



22 December 2025

The Treasury
Langton Crescent
Parkes ACT 2600

Submission via Treasury Consultation Hub

Dear Director

CONSULTATION ON COMBATTING FINANCIAL ABUSE PERPETRATED THROUGH COERCED DIRECTORSHIPS

The Australian Finance Industry Association (AFIA) is the only peak body representing the entire finance industry in Australia¹. We appreciate the opportunity to respond to Treasury's consultation paper **Combating financial abuse perpetrated through coerced directorships** (the CP)².

We represent over 150 members, including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.

¹ [Australian Finance Industry Association \(afia.asn.au\)](https://afia.asn.au).

² Treasury, 2025, [Combating financial abuse perpetrated through coerced directorships Consultation Paper](#) (November)

INTRODUCTORY COMMENTS

AFIA supports actionable measures to address coercive directorships, particularly where these arrangements intersect with financial services. While finance professionals operate downstream of company formation and governance, they play a critical role in credit assessment and lending decisions.

AFIA's role is to represent the interests of its members while promoting responsible lending practices and consumer protection, ensuring that any proposed reforms are workable, legally sound, and aligned with industry capabilities. In this submission AFIA's response is limited to select questions where the finance sector can contribute meaningfully.

RESPONSE TO SELECT QUESTIONS

Question 7: What are the consequences of enabling resignation of a sole director who is subject to coerced directorship? Would deregistering or winding up of the company help limit adverse consequences?

Enabling a sole director who is subject to coercive control to resign may help remove them from an abusive arrangement, but it also creates significant legal and practical consequences for the company, its creditors, and any existing financing.

In many cases, resignation without a replacement director could trigger compliance breaches under the Corporations Act, leave the company without proper governance. Deregistration or winding-up may not necessarily limit adverse consequences for the victim-survivor. These steps could also materially affect a lender's recourse to the debt, particularly if the company's structure or solvency position changes as a result. Treasury would need to consider how such actions affect lenders' legal enforcement options in the future state.

Question 20: How and when do intermediaries and professionals enable or facilitate the weaponisation of company directorships? Should penalties apply to intermediaries and professionals in these circumstances?

Finance providers' engagement with customers is typically limited to application processing, credit assessment, and account servicing, which means generally they are not well-positioned to observe behavioural patterns or relationship dynamics that might indicate coercive control.

It is unclear how a finance professional would go about satisfying themselves that a coercive directorship does not exist. For example, in the situation of multiple directors, is it Treasury's intention that the finance professional interview each director individually to form a view? If a view is formed of the presence of coercive directorship, how is the finance professional to respond? A negative response for credit could lead to adverse consequences for the victim. Additionally, refer to our response to Question 22 where we outline AFIA's involvement in a finance sector collaboration on responding to customer level domestic violence.

This leads to the question of legal standing. Aside from the fact that finance professionals are not trained counsellors and skilled in detecting domestic family violence, finance providers may not currently have the authority to intervene in these matters. A thorough review of all relevant laws (such as the Corporations Act, Privacy Act and the National Consumer Credit Act and its associated regulations) would be required to determine whether changes are necessary to enable such involvement.

Further AFIA is concerned with the application of the word ‘careless’ used in the CP:

‘In some instances, intermediaries and professionals including agents, accountants, finance professionals and lawyers may be aware of, or careless as to the existence of, the coerced or fraudulent appointment of a victim-survivor as a director or facilitate the coerced or fraudulent appointment.’ (CP, p6)

Given the operating context of finance professionals (as described above) it is unclear what the term ‘careless’ is intended to mean and how Treasury would have it apply to a credit assessor or customer service representative in a finance company. AFIA strongly recommends the removal of ‘finance professional’ in this context as finance professionals are downstream of the establishment and financial reporting requirements of a company, where legal and accounting professionals will have greater engagement with the directors. Finance professionals have limited opportunities for observing situations of coercive control, we therefore reject to proposition that penalties should apply to finance professionals.

Question 22: Are there other opportunities to ensure perpetrators are held to account and face appropriate consequences for the harms they create?

One potential opportunity to ensure perpetrators are held to account is to address the financial consequences of coercive control. Ideally, where it can be established that a loan or credit arrangement was obtained under coercion, the outstanding liability should be reassigned to the perpetrator rather than the victim. This would require a legal mechanism to allow courts or tribunals to vary credit contracts and allocate responsibility based on findings of coercive conduct. Such a reform would not only provide relief to victims but also create a tangible consequence for perpetrators by making them financially accountable for the harm they have caused. Implementing this approach would require legislative changes to consumer credit laws and possibly the introduction of specific provisions under family violence or coercive control legislation to enable lenders and dispute resolution bodies to enforce these reallocations.

Question 24: What are the appropriate types of evidence that would demonstrate the occurrence of coercive control?

Appropriate types of evidence that would demonstrate the occurrence of coercive control include formal reports to authorities such as police or family violence services, documented assessments from financial counsellors, and medical reports from doctors or mental health professionals that indicate patterns of

abuse or coercion. These sources provide objective, verifiable evidence that can support a finding of coercive control.

Within the finance sector, there is ongoing work to create space for identifying red flags in certain financial transactions and arrangements – such as unusual account access, rapid changes in loan structures, or third-party involvement in applications. However, it is important to note that these red flags are indicators rather than definitive evidence. They can prompt further inquiry or escalation but, on their own, may not establish coercive control. A robust framework would therefore combine these transactional indicators with formal evidence from trusted authorities and professionals.

Acting on these reports or flags may be limited given that the legal rights of the perpetrator will continue to exist, for example under the Privacy Act. This means that finance providers cannot simply override contractual or privacy obligations without a clear legal basis. A thorough review of the law would be required to determine what changes are necessary to enable appropriate intervention while balancing privacy and due process protections.

CLOSING COMMENTS

AFIA supports efforts to address coercive control and its serious impacts; however, the role of finance professionals must be understood within their operational context. They have limited interaction with customers beyond transactional processes and lack both the training and legal authority to detect or intervene in coercive situations. Imposing penalties on finance professionals would be inappropriate given these constraints and the downstream nature of their involvement compared to other professionals. Any meaningful reform should focus on creating clear legal mechanisms, such as reassigning financial liabilities to perpetrators, and ensuring that evidence standards and privacy protections are addressed through legislative review, rather than placing unachievable obligations on finance providers.

I would appreciate the opportunity to discuss our recommendations and provide the Inquiry with further information about the specialised products, services and technologies offered by smaller lenders. Should you wish to discuss our submission or require additional information, please contact me emma.penzo@afia.asn.au.

Yours sincerely



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