Understanding Coerced Debt

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CENTER FOR SURVIVOR AGENCY & JUSTICE

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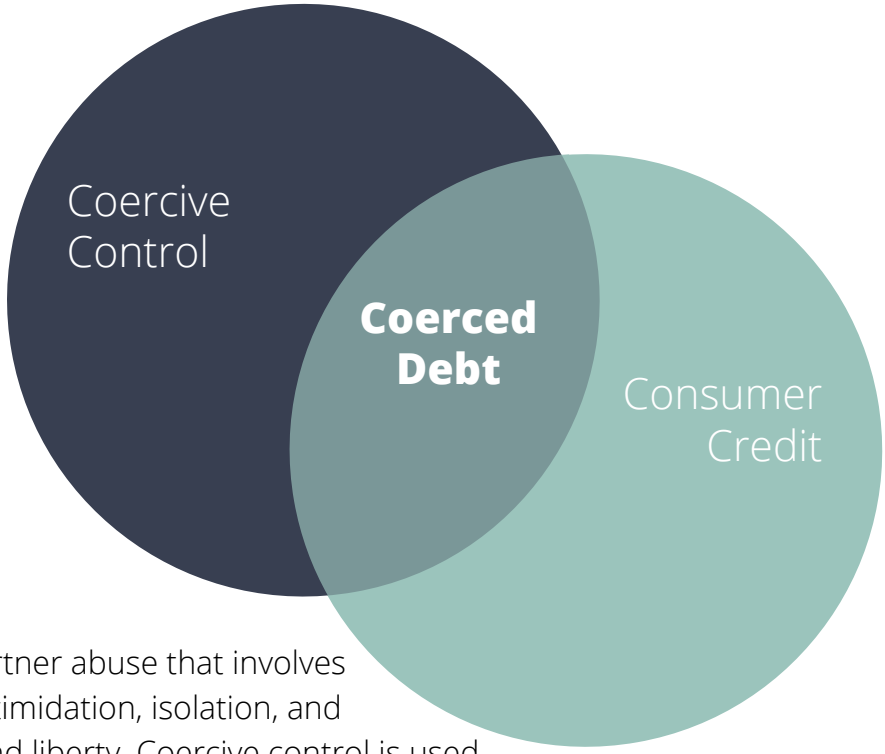
What is coerced debt?

Coerced debt is defined as "All non-consensual, credit-related transactions that occur in a relationship where one person uses coercive control to dominate the other person" (Littwin, 2012).[1] For example, an abusive partner could take out a credit card in a survivor's name without the survivor's knowledge or pressure the survivor into buying a car on credit.

Consumer credit is a system within which:

- Money is borrowed and agreed to be paid back, creating debt
- Obtained through formal (e.g., banks) or informal lenders (e.g., family)
- Involves agreement about when money will be paid back
- Involves agreement about how much borrower will pay (fees & interest)
- Click here for resources to help you understand the fundamentals of the consumer credit system



Coercive control is a form of intimate partner abuse that involves the systematic, ongoing use of violence, intimidation, isolation, and control to restrict the victim's autonomy and liberty. Coercive control is used to restrict a person's freedom to make choices for themselves and to direct the path of their life.[2]

One of the ways abusive partners exert control is through the use of economic abuse. **Economic abuse** is defined as "behaviors that control a person's ability to acquire, use, and maintain economic resources, thus threatening their economic security" (Adams, et. al., 2008).[3] Nearly all survivors (94-99%) report experiencing economic abuse. And while 1 in 3 of all women report IPV in their lifetime[4], studies show that rate doubles or nearly doubles for those marginalized by virtue of race, class, ethnicity, citizenship status, gender identity, sexuality, and disability.[5]

There are two categories of economic abuse[6]: **economic restriction** and **economic exploitation.** Economic restriction involves using abusive tactics to impose limits on a partner's economic resources. For example:

- Interfering with income production
- Dictating and monitoring spending
- Hiding money or property
- Withholding financial information

Economic exploitation is improperly using a partner's resources for one's own advantage. For example:

- Spending a partner's money
- Stealing a partner's money or property
- Creating debt in a partner's name

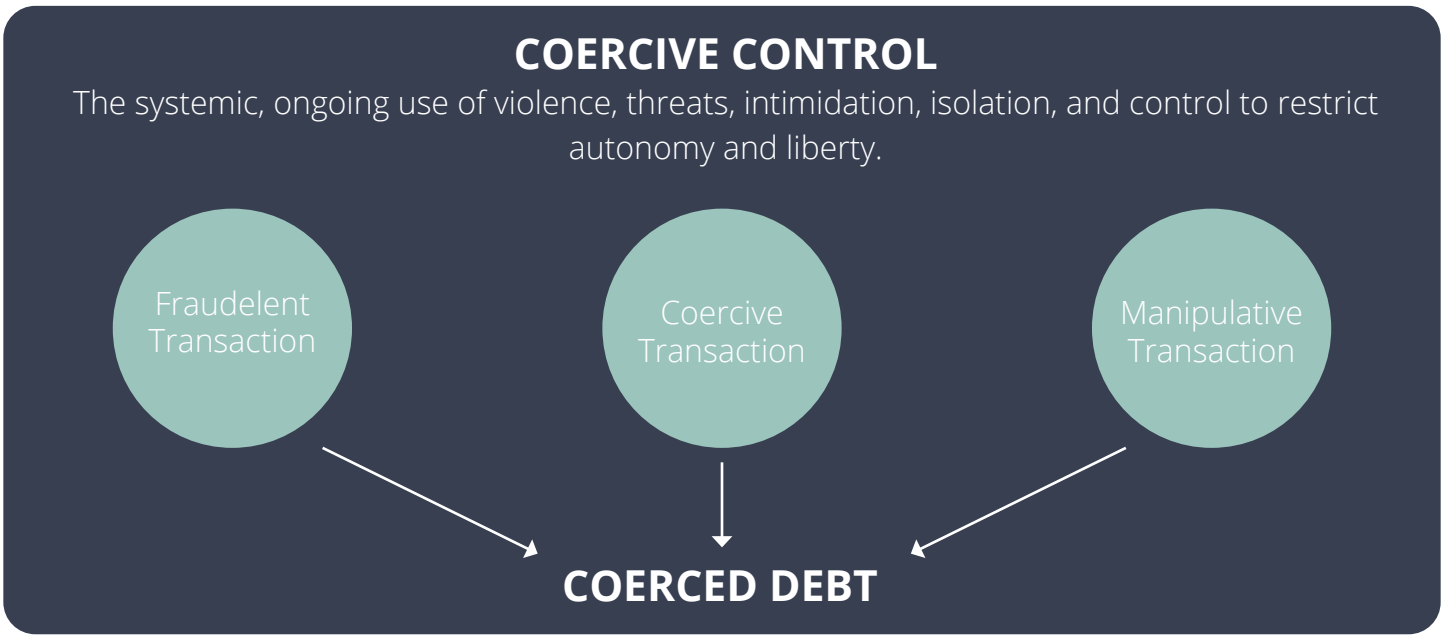
The last example is "coerced debt." Coerced debt is a form of economic exploitation. It's using a partner's credit for one's own advantage. It often occurs alongside other economic abuse tactics. For example, abusive partners who are creating debt in their partner's name also hide financial information from them to keep them from discovering what they are doing. The word "coerced" here is a reference to coercive control. Coerced debt is debt generated in the context of coercive control.[7]

How is coerced debt created?

An abusive partner can create debt in a partner's name by taking out loans, using credit cards, or putting household bills in their partners' name, among other types of debt.

- Loans include, for example, mortgages, vehicle loans, personal loans, payday loans, and student loans.
- Credit cards can include major credit cards such as a Bank of America Visa card or store cards like Home Depot or Amazon.
- Household bills can include gas, electric, cable, internet, or phone bills, or an apartment rental lease.

There are three general abusive methods that partners use to put these types of debt in their partners' names: **fraud, coercion, and manipulation.**



Debts generated through fraud, coercion, or manipulation are referred to as coerced debt when it occurs in relationships where one partner uses coercive control to dominate the other partner (Littwin, 2012)[8]. The broader context of coercive control enables abusive partners (and other harm doers) to generate debt through these means. Using coercive control, the abusive partner creates an environment in which refusing a demand or questioning their behavior is dangerous.

Here are additional details of the three abusive methods of coerced debt and survivor scenarios or quotes:

Debt through fraud involves using a partner's personal information to take out credit in their name without their knowledge. For example, someone might buy items on Amazon.com using their partner's credit card information stored in the computer without them knowing. Or someone might use a partner's social security number and other personal information to take out a payday loan without them knowing.

SURVIVOR SCENARIO OF DEBT THROUGH FRAUD

Thomas takes Sam's personal credit card out of Sam's bag and uses it to buy new clothes for work. Sam finds out about the purchases when Thomas walks in the door with bags from the clothes store and sets down the credit card on the counter. Sam knows from past experience that asking Thomas about the purchases is dangerous. Thomas will get angry and Sam knows what can happen when Thomas is angry. Sam says nothing. That transaction did not happen in isolation. There's a broader context surrounding this transaction in which it is not safe to respond.

Debt through coercion involves using force or threat of harm to compel a partner to take on debt they would not have otherwise incurred. In other words, coercion involves a demand and a threat of consequences for not complying with the demand. For example, someone might ask, encourage, or pressure their partner to sign their name on a vehicle loan application with the spoken or unspoken threat that if they don't, they will be sorry. The threat may be physical, psychological, emotional, or financial – some harmful consequence that the survivor wants to avoid, so they comply with the demand.

SURVIVOR SCENARIO OF DEBT THROUGH COERCION

Jon wants a new vehicle but his credit is not good enough to get a loan on his own. Jon calls Michelle at work and says "meet me at the car dealership after work, I'm getting a new truck." Michelle shows up at the dealership, and all the paperwork is ready for her signature. Jon says "You have to sign for this vehicle loan because my credit is trashed. The paperwork is all ready for you." Michelle tells Jon she does not want to put the vehicle loan in her name. Jon starts yelling at her, embarrassing her in front of everyone at the dealership. Michelle has seen this type of behavior many times and she

knows how this can escalate. Michelle signs for the loan out of fear of what's to come if she doesn't. Her experience with Jon tells her this is not something she should say no to. Again, there's a broader context surrounding this transaction in which it is not safe to respond.

Debt through manipulation involves deliberately managing conditions or information to lead a partner to take on debt they would not have otherwise incurred.

SURVIVOR SCENARIO OF DEBT THROUGH MANIPULATION

(direct quote from a survivor named Lety):
"When I came to this country, I don't know exactly how the loans [work], how do you apply. And when I wanted him to explain to me he would say 'It's very complicated, so let me do it. Don't worry about it. Let me handle it...' If he needed my signature, I'd sign it, because I trusted him. ...He'd say 'don't worry, we will pay it slowly, but this is how everybody do, so just sign.' But every time I wanted explanation he would say, 'it's very complicated, so you are very, very busy, you have the baby, so just take care of the baby and let me take care of the finance. Let me take the stress off you.' This is how he would say it. So I would never know how much I would have in credit, and I've been asking him many times, like how much... when I would ask him he would say 'like everyone has loans,' but when I would ask him how much exactly, he would say 'that's too much information. You don't need it.' So this is how he used to do it. He would minimize it, like it was normal. So I never had any type of information, like this [credit report]...he would take everything. He had the key to the mailbox and would take every mail, like I would not have access to the mail."

At the time Lety shared her story, she was staying in a domestic violence shelter and going through a divorce. Lety's husband told her what he thought she needed to hear to agree to the student loans. She wanted more information. She wanted to make an informed decision. But, there was nobody else to ask. Since moving to the U.S. with her American husband, she hadn't made any friends. Her husband had actively prevented that from happening. She was completely isolated. There was no one else in her life she could check with to make sure what her husband was telling her was true. The isolation helped create the conditions for the manipulation. The loans she talked about were student loans. Her husband told her what he thought she needed to hear to convince her to take student loans and then spent the money. She ended up with unpaid tuition bills and substantial student debt.

How common is coerced debt? The history of evidence

Research indicates that many survivors are carrying debt imposed on them by an abusive partner. The following summarize key evidence from academic or national studies from 2003 to 2021. (State and community-based studies are fewer and being gathered by CSAJ. See one example in New York City from 2018.)

- In a qualitative study of 187 women, Brewster (2003) found that the **abusive partners of 22.5% of the women exerted financial control** over them, and opening credit cards in their partners' names was one tactic of this control. [9]
- Adams and colleagues (2008) interviewed 103 survivors of domestic violence and found high rates of potential coerced debt.[10] Survivors reported that their partners had:

  1. done things like putting a car, apartment/house, or credit card in their name (**39%**);
  2. used their checkbook, ATM card, or credit card without their permission and/or knowledge (**53%**); and
  3. forced them to give him money or let him use their checkbook, ATM card, or credit card (**68%**).

- More support for the connection between abuse and debt came from the 2007 Consumer Bankruptcy Project (CPB), which found that **17.8%** of the 258 married and cohabitating female participants interviewed **experienced intimate partner abuse in the year they filed for bankruptcy,** a rate higher than the 1.5% to 9.8% annual rates of abuse reported in studies most comparable to the CBP.[11]
- In the study which produced the term "coerced debt," Littwin (2012) found that of the 55 domestic violence professionals interviewed, 51 (93%) had knowledge of coerced debt based on their work with survivors.[12] For example, participants shared stories of:

  » women whose partners forged their names on credit card offers;
  » forced them to sign financial documents;
  » coerced them to purchase items on credit; and
  » put household debts in their names.

- In a 2019 study of survivors seeking services from organizations across the U.S.[13], **52%** reported that their partners had taken out a loan or bought something on credit in their name without their permission or made them take out a loan or buy something on credit when they didn't want to. Also, **33% reported wanting help** dealing with debt their partner put in their name.
- A recent study (2020)[14] of economic abuse among DV survivors found **37%** of the women surveyed had a partner who made them take out a loan or buy something on credit when they didn't want to and **29%** had a partner who took out a loan or bought something on credit in their partners' name without their permission.

- Another 2020 study of female callers to the National Domestic Violence Hotline[15], found:
  - » **52%** of callers had been in a relationship with a partner who used fraud or coercion to create debt in their name.
  - » **22%** of callers reported their partner created debt in their name via a fraudulent transaction, and
  - » **43%** took on debt as a result of a coercive transaction.

How does coerced debt affect survivors' lives?

Information about the effects of coerced debt on survivors' lives comes from research and anecdotal reports. Researchers and advocates have observed three major types of harm to date: (1) **damage to survivors' credit**, (2) **financial dependence**, and (3) **psychological harm resulting from the trauma of interacting with coerced debt and debt collectors.**

1. **Damage to survivors' credit:** The study of women who called the National Domestic Violence Hotline found that nearly half (46%) of callers who took our survey reported that their credit report or score had been damaged by an intimate partner.[16] This may be an undercount because an additional 14% of callers said they were unsure. Also, if a survivor were a victim of fraud and did not know about it, she would not know about any potential credit damage. There was nevertheless a strong link between coerced debt and credit damage. Women with coerced debt were 5.7 times more likely to report credit damage than those without. This can have a profound impact on survivors' lives because credit scores are no longer used just for loans. Employers, landlords and utility companies now use credit scores, so, in addition to making it harder to borrow money, a negative credit history can threaten a survivors' prospects for jobs, rental housing, and affordable electricity. Professionals working with survivors commonly report that credit damage is a difficult issue for survivors because it can continue long after the abusive relationship has ended.[17]

2. The Hotline study also asked about **financial dependence**. Nearly three-quarters of callers (73%) said that they had stayed longer than they wanted with a controlling partner because of concerns about supporting themselves or their children. The link with coerced debt was strong here too. Women who reported coerced debt were 2.5 times more likely to stay longer due to financial concerns than those who did not report coerced debt.[18]

3. Coerced debt can have devastating psychological impacts. Professionals in the field report that it can threaten to re-traumatize and re-victimize survivors of physical and emotional abuse.[19] For example, Teal Inzunza, Program Director of the Economic Empowerment Program at the Urban Resource Institute, has seen survivors become suicidal over coerced debt. Coerced debt can be overwhelming because there are so few pathways to resolve it and survivors often blame themselves, making statements like, "I should have known better." Krista del Gallo, Policy Director at the Texas Council on Family Violence, echoes this idea, saying that survivors fear that people will think, "You know this person, you should have known better." Some survivors may see the credit report as the "story of my life," a visual record of what they have been through.

Debt collectors can add another layer of psychological distress. They can be aggressive, calling incessantly, making demeaning remarks, and issuing threats.[20] All three of these debt-collection tactics are techniques that abusive partners use to propagate coercive control[21], so experiencing them in relation to debt created by the abusive partner may be particularly retraumatizing.

Getting help with Coerced debt and related credit damage

Resolving the financial effects of coerced debt also has psychological costs. Disputing debts can be a long process[22] and is frequently unsuccessful.[23] A national study on survivors' economic well-being found that 52% of survivors had experienced coerced debt, and 33% wanted help dealing with debt their partner put in their name. Forty-four percent wanted help with debt collection, regardless of how the debt was accrued. And while not limited to coerced debt, about half of survivors asked community programs for help with their financial issues and, of those, only 1-in-3 got most or all of the help they needed.[24]

A Federal Trade Commission (FTC) study of identity theft victims found that those who spent more time working on problems related to identity theft reported serious relationship and work difficulties that led to severe emotional distress.[25] Victims of coerced debt are particularly vulnerable to this type of harm because their dispute process is likely to be more difficult than that of other identity-theft victims. Coerced debt via fraudulent

Index Part 2: Addressing Coerced Debt with Survivors of Intimate Partner Violence

See the next part of this Index for strategies and tips to work with survivors in addressing coerced debt. It also summarizes the state of current federal and burgeoning state law available for legal advocacy.

transactions is a form of identity theft[26], but the intimate nature of the survivor's relationship with the abusive partner may pose barriers to relief.[27] Coerced debt via coercive transactions is even more difficult to resolve. Only one state officially recognizes it as a form of identity theft[28], and the federal process for obtaining relief from identity theft specifically excludes debts the victim knew about.[29]

Debt collection and resolving coerced debt can be additionally fraught because they require the survivor to discuss debt created by the abusive relationship, which in and of itself can be retraumatizing.[30]

Coerced debt from an intersectional perspective

Survivors of all identities can experience coerced debt. However, survivors with marginalized identities may have unique experiences with coerced debt and face additional barriers to addressing it due to intersecting systems of oppression including racism, sexism, classism, ableism, transphobia, and xenophobia.[31] For example, Black women and Latinas already face credit discrimination, so credit damage from coerced debt can make it even more difficult to access loans and necessities such as housing.

Survivors on the social margins experience coerced debt from unique sources. For example, the partners of survivors receiving public benefits may coerce them to falsify information, and other low-income survivors may be coerced into taking out bail bonds for jailed partners. Survivors are left owing back benefits or face wage garnishment. Survivors may not be able to repay due to lack of funds or because their partners may steal the benefits received. In addition, survivors in low-income communities, where informal borrowing is more common, may thus be more likely to owe coerced debts to family and/or friends or those of the abusive partner. Trafficking survivors may face a conflux of evictions, criminal records, and old debts from traffickers and partners. Other examples include rural survivors incurring debt from farm land or equipment (e.g., right to repair) and survivors of natural disasters who lack other resources for recovering ending up with coerced FEMA loans.

Survivors from marginalized communities are more likely to have coerced debt that is more expensive and more onerous to repay or relieve. For example, lenders are more likely to offer people from marginalized communities subprime loans with exploitive terms, such as payday loans and car title loans. These loans are more likely to have complicated online contracts which can make it difficult for aging and disabled survivors as well as survivors with limited English or internet access to learn the terms of their loans. In addition, low income survivors often face debt from traffic tickets and can face court summons from fines or fees.

Coerced debt can exacerbate existing financial distress associated with marginalized identities. For instance, aging and disabled survivors, transgender survivors, and survivors of severe physical abuse may already have unpaid medical bills that are compounded by coerced debt. Also, low-income survivors are more likely to have attended fraudulent for-profit schools and thus already owe unpayable, non-dischargeable student loans. Another example is survivors with debt from landlords' scams in which survivors owe money for units that were not actually available. This risk can be compounded by language barriers.

Also, for survivors from marginalized communities, coerced debt can be compounded by other systems of oppression and unequal access to services, resources, and advocacy to address it. For example, survivors experiencing ableism may not be able to access advocacy services due to a lack of appropriate accommodations. In addition, trafficking survivors may not have the identification needed to access their credit reports and thus correct possible errors or obtain evidence of coerced debt. Restrictions on funding for legal aid programs may prevent survivors from accessing free legal services for issues like getting identification or paying fees. It also may indirectly discourage legal aid attorneys from taking on long, protracted consumer cases or limit the context under which they can serve survivors. A problem faced by immigrant and trafficking survivors attempting to repair credit or otherwise address coerced debt is that it takes too long to get a drivers license or alternate identification, new social security number or ITIN, bank account, or U/T-Visa. These groups may also face problems accessing legal aid attorneys. When immigrant survivors do access legal services, consumer, family, and immigration courts often do not take each other's rulings into account. Similarly, survivors with disabilities may experience a disconnect between disability and domestic violence law. For example, a disabled survivor may need to re-assign a payee if the prior one was an abusive partner, and disability law may not take the abuse into account.

ENDNOTES

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4 In heterosexual relationships, coercive control, the dynamic underlying coerced debt, tends to be a gendered phenomenon with male perpetrators and female survivors. Evan Stark, Coercive Control (2005). But more research is needed across the gender identity and sexuality spectrums.

5 See sources for disparities in intimate partner violence and poverty by race and other identity factors in CSAJ's Accounting for Economic Security Atlas (pgs 38 and 40): https://csaj.org/wp-content/uploads/2021/10/Accounting-for-Survivors-Economic-Security-Atlas-Mapping-the-Terrain-.pdf

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31 The following are based on a series of Listening Sessions held by CSAJ in 2020 to better understand the economic ripple effect facing underserved survivors, including coerced debt. These calls were with diverse and multidisciplinary advocates and attorneys who work with rural, Spanish-speaking immigrant, trafficking, older/aging, and disabled survivors. These calls were conducted as part of CSAJ's Consumer Rights for Domestic & Sexual Violence Survivors Initiative - the same project producing this Coerced Debt Index - and funded by the Office on Violence Against Women. While academic research is limited, we also drew on CSAJ body of technical assistance, national journalism, and broader research and study on consumer issues facing these general populations, even if not survivor-specific.