

24 December 2025

The Treasury
CoercedDirectorships@treasury.gov.au

Dear Sir/Madam,

Combatting financial abuse perpetrated through coerced directorships

The Financial Advice Association of Australia¹ (FAAA) welcomes the opportunity to contribute to Treasury's consultation on combatting financial abuse perpetrated through coerced directorships.

Financial abuse through coerced directorships is often hidden and challenging to identify, making it a difficult issue to address. Many victims may not even realise that they have been appointed as a director, or they may not understand that this mechanism is being used as a means of financial abuse against them. Such abuse within familial relationships, where trust is implicitly granted, is particularly challenging to identify.

Due to their close relationships with clients, financial advisers can be uniquely positioned to recognise signs of financial abuse. This can include sudden changes in financial behaviour, unusual account activity, or a client's confusion about their finances.

We acknowledge that financial abuse through coerced directorships crosses multiple regulators and jurisdictions and has specific issues that need to be carefully considered. To ensure victims can be protected and helped, clear guidance on handling suspected abuse through directorship cases, including how to approach the client, who to report the abuse to, and what legal protections are available for both the client and the financial adviser, are necessary.

Recommendations

The FAAA is a member of the Financial Abuse in Business Advisory Group, convened by Each². We support the submission provided to the current Treasury consultation by Each, who are the Chair of the Financial Abuse in Business Advisory Group. In particular, we support the following recommendations:

- Expanding reforms beyond company structures to include trusts, ABNs, partnerships and SMSFs - perpetrators exploit multiple business structures, not just companies.
- Strengthening safeguards in director registration and company processes.

¹ The Financial Advice Association of Australia (FAAA) is the largest association representing the financial advice profession in Australia, with over 10,000 members. It was formed in 2023 following the merger of the two leading financial planning/advice bodies in Australia – the Financial Planning Association (FPA) and the Association of Financial Advisers (AFA). With this merger, a united professional association that advocates for the interests of financial advisers and their clients across the country was created.

² Each is a not-for-profit organisation delivering health and support services that improve lives and strengthen communities. Leaders in Financial Counselling, Each deeply understands the seriousness of financial abuse in the context of small business, having encountered and responded to it daily through their direct work.

- Creating trauma-informed pathways for the removal of coerced directors and Director Identifications.
- Introducing standalone legal defences and extending timeframes for Director Penalty Notices.
- Ensuring perpetrator accountability through enforcement and the use of existing laws that allow prosecution for false statements to ASIC, shadow director liability, and phoenix activity.
- Funding Government agency specialist teams for the investigation and prosecution of perpetrators.
- Significant investment in specialist support services for victim-survivors.

In addition, the FAAA calls for

- A clear and accessible reporting mechanism for financial abuse through directorships.
- A public awareness campaign on financial abuse through directorships.
- Creating a central source of training, information and support for affected people, including the financial professionals who can be the 'frontline' in identifying this type of abuse.

We would welcome the opportunity to discuss the matters raised in our submission with Treasury. If you have any questions about our submission, please do not hesitate to contact either myself on (02) 9220 4500 or sarah.abood@faaa.au, or Phil Anderson, General Manager Policy, Advocacy and Standards, on phil.anderson@faaa.au.

Yours sincerely,



Sarah Abood
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Financial Advice Association of Australia