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Headline: Hong Kong's elderly and vulnerable need better protection from financial cheats

Hong Kong's elderly and vulnerable need better protection from financial cheats

Tang Hang Wu calls on policymakers, NGOs, lawyers and others to improve oversight to tackle this growing problem, especially in a rapidly ageing society like Hong Kong

A frequently overlooked problem in developed societies is the financial abuse of people who are incapable of managing their daily affairs. This group may include people with dementia, schizophrenia or an intellectual disability, as well as vulnerable elderly folk.

In recent years, we've seen some of these vulnerable individuals who happened to have accumulated substantial financial assets, or who stood to inherit wealth from their parents or carers, cheated of their assets. Where properties are involved, the usual modus operandi is for the fraudster – who may be a friend, lawyer, social worker, bank manager, property agent or even a domestic helper – to persuade the vulnerable person to sign over the power of attorney.

As a rapidly ageing society, Hong Kong will have to contend with this growing problem.

To minimise such financial abuse, the carers of wealthy but vulnerable people must put in place the requisite checks and balances to protect their charges. For example, if the carer is setting up a private trust for the benefit of a person with special needs and intends to name relatives as trustees, it would be better to designate at least two people.

More can also be done to improve oversight. Not every family has the good fortune of having trusted people who are willing to act as trustees, or can afford to set up a private trust, which is costly. In this regard, Hong Kong can benefit from the experience of Singapore by setting up a non-profit body like the Special Needs Trust Company, to help protect the assets and inheritance of people with special needs.

The city should also consider requiring some form of mandatory reporting of suspected financial abuse involving such vulnerable people. If professionals such as bankers, lawyers and property agents are obliged to report suspected fraud, the relevant authorities could step in to investigate, and thwart the schemes where needed.

It is heartening that legal scholars in Hong Kong are already working with various non-governmental organisations to tackle the problem.

The issues surrounding the financial planning mechanisms available to those with special needs are complex and require a multifaceted approach. Much thought and effort is required to unpack and solve these difficulties. Ideally, this issue should be tackled jointly by policymakers and legislators, NGOs, social workers and lawyers, and sooner rather than later.

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