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Connecticut Coalition Against Domestic Violence

Member Organizations

The Center for Family Justice
Bridgeport, CT

The Center for Empowerment and Education
Danbury, CT

Domestic Violence Program United Services
Dayville, CT

Network Against Domestic Abuse
Enfield, CT

Harmony Project YWCA Greenwich
Greenwich, CT

Interval House
Hartford, CT

Project SAGE
Lakeville, CT

Chrysalis Domestic Violence Services
Meriden, CT

New Horizons
Middletown, CT

Prudence Crandall Center
New Britain, CT

The Umbrella Center for Domestic Violence Services
New Haven, CT

Safe Futures
New London, CT

Domestic Violence Crisis Center
Norwalk, CT

The Umbrella Center for Domestic Violence Services
Ansonia, CT

Domestic Violence Crisis Center
Stamford, CT

Susan B. Anthony Project
Torrington, CT

Safe Haven
Waterbury, CT

Domestic Violence Program United Services
Willimantic, CT

Testimony Supporting

SB 123, AAC Coerced Debt

Banking Committee
February 27, 2024

Good afternoon Senator Miller, Representative Doucette, Senator Berthel, Representative Delnicki, and members of the committee. CT Coalition Against Domestic Violence (CCADV) is the state's leading voice for victims of domestic violence and those who serve them. Our 18 member organizations provide essential services to nearly 40,000 victims of domestic violence each year. Services provided include 24-hour crisis response, emergency shelter, safety planning, counseling, support groups, court advocacy, and housing advocacy.

CCADV thanks the Committee for raising SB 123, an important measure to address the coerced debt that many victims of domestic violence experience. We urge your support.

Domestic violence is a pattern of coercive, controlling behavior that is the result of a person's feeling of entitlement to have power and control over their partner or family member and their choice to use abusive behaviors to gain and maintain that power and control. Most abusive relationships involve some form of economic abuse, with coerced debt being one of the possible tactics to gain and maintain control. Money is a powerful tool that many abusers use to keep their victims dependent upon them and unable to leave.

Coerced debt is non-consensual credit-related transactions that occur in relationships involving coercive control. They typically fall within three categories:

- Fraudulent transactions: Using a partner's credit without their knowledge.
- Coercive transactions: Using a demand and threat of consequence for non-compliance to compel a partner to take on debt.
- Manipulative transactions: Managing conditions or information to lead a partner to take on debt they would not have otherwise.

Coerced debt can involve forcing a partner to file fraudulent legal financial documents or overspend on credit cards. An abusive partner may incur debt without the survivor's consent or coerce a survivor into incurring debt through threats of harm.

A 2019 study by the Center for Survivor Agency & Justice sampled 1,823 women who called the National Domestic Violence Hotline and found that 52% of those women had experienced coerced debt. Of the respondents who experienced coerced debt, 66% feared psychological consequences (e.g., yelling, threatening to end the relationship), 38% feared physical consequences including being beaten or killed, and 10% feared economic consequences (e.g., job, money, or property loss).

The debt and resulting poor credit score can have long-term consequences for survivors, creating barriers to education, housing, and employment. Employers, landlords, and utility companies make extensive use of credit histories during screening. For victims who do leave, impacts of coerced debt may result in longer shelter stays, compounding capacity issues within Connecticut's domestic violence shelter system which runs over 150% capacity. Credit abuse allows abusers to maintain control over their victim because they understand that without a job, rental housing, reliable transportation, and basic utilities, it is almost impossible for a survivor to be economically stable, secure, and independent.

To build the financial security necessary for long-term safety, victims need support in both safeguarding their finances and recovering from the financial devastation of

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economic abuse, including coerced debt. This proposal would play an important role in helping victims attain economic security by providing them with critical consumer protections. It provides them with a clear path to show that a debt was coerced, be released from liability, and have it removed from their credit rating, thereby protecting their credit worthiness and allowing them to avoid the negative impact of debts that should be the liability of their abuser.

Senate Bill 123 defines coerced debt as a debt that was as a result of duress, intimidation, threat of force, force, fraud, or undue influence in the name of a debtor who is a victim of domestic violence. It makes an individual who causes another individual to incur a coerced debt civilly liable for that debt and associated attorney's fees for both the claimant and victim. The measure establishes a process for victims to address an alleged coerced debt directly with a financial institution and includes a hard stop on collection activities during the review period. Should a claim be denied, it outlines the civil court process that a victim may initiate. If a debt is proven to be coerced, the victim is released from the debt and it is removed from the victim's credit report. Finally, following a victim proving in court that a debt was coerced, claimants can receive a court order allowing them to pursue the debt from the person who created it.

Similar measures have passed in New York, Minnesota, and California, with a bipartisan bill pending in North Carolina. Connecticut has long been a leader in protecting victims of domestic violence and we should join these states in ensuring remedies for coerced debt. This proposal is intended to create options for victims and provide solutions to a common barrier that keeps victims tied to their abuser. It will not be the right solution for every victim, but given the prevalence of economic abuse and its associated credit damage and financial dependence for victims, it is critical that we make relief from coerced debt a part of the safety net and provide options.

Requested JFS Language:

Lines 35 – 41: Remove everything after "statutes".

Lines 128 – 138: We ask that subsection (c) be bifurcated with a deadline of 10 business days for subdivision (B) (lines 135 – 138) and a deadline of 30 business days for subdivision (A) (lines 130 – 134).

Line 254: Change "may" to "shall".

We urge the Committee to support this measure and give victims of coerced debt the tools they need to be economically stable, secure, and independent. Thank you for your consideration.

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