BIZCOMMUNITY

Sexually Transmitted Debt the new scam

The airing of Netflix's most recent true-crime documentary, *The Tinder Swindler'* shone the spotlight on the prevalence of love fraud.

Source: Pexels

The documentary detailed the accounts of vulnerable women across the globe who have been scammed out of millions of dollars by conmen who prey on their vulnerabilities.

Over-indebtedness resulting from poor financial decisions in relationships, has become known to debt counsellors as Sexually Transmitted Debt (STD). Taking place both inside and outside of marriage, STD poses a very real threat to your financial wellbeing, but is something that can be prevented through financial education, communication and vigilance.

Falling victim to scams

This is the opinion of Sebastien Alexanderson, CEO of National Debt Advisors (NDA). In his experience, Alexanderson says there is an increasing number of South Africans seeking debt relief advice after incurring debt to satisfy their romantic partners, falling victim to love scams or not considering entering into antenuptial contracts that serve as a form of financial protection should a marriage end in separation or divorce.

Using Valentine's Day and the month of love as the ideal time to raise awareness around these issues, Alexanderson cautions South Africans against the consequences of STD: "Decisions made today can have far-reaching implications for your financial wellbeing in the long term. At NDA, we are encountering more and more people (especially women) who attribute their indebtedness to decisions made in the name of love. It's not something that only happens 'in the movies' – it's a very real and serious problem."

Safeguard your finances

Honing in on the importance of antenuptial contracts as a way of safeguarding your finances in the event of a marriage not working, Alexanderson points to the commonplace misconception that not preparing an antenuptial contract will save money. However, this viewpoint, he argues is short-sighted and does not take into account a number of possibilities.

“One party in a marriage can be declared insolvent or they can come under increasing pressure from creditors if they accumulate debt they cannot afford. In the case of couples who are married in community of property (COP), both parties will be liable for any outstanding debt. Furthermore, under these conditions, if the affected spouse cannot honour the debt, the other party in the marriage can be held responsible for the full debt, not only 50%,” advises Alexanderson.

The subject of money is a complex topic to navigate, especially within romantic partnerships. It is always better to speak about finances in a calm and composed manner, than wait until emotions are high and the relationship has deteriorated to the point where you can no longer communicate about important issues.

Tackle money talks head on

As Alexanderson asserts: “putting financial agreements in place before making a commitment should be seen as part of your ongoing obligation to yourself and your personal welfare. When it comes to money, it will stand you in good stead to tackle tough subjects head on.”

New study reveals what consumers do with their credit cards

8 Feb 2022

In terms of civil marriages, there are two basic types recognised in South Africa: marriage in community of property (COP) and marriage outside of COP (with and without accrual). In the first instance, the couple’s estate is seen as being one estate, and is viewed as such for the process of debt review and sequestration. Furthermore, couples married in COP will need their spouse’s consent before entering into a credit agreement. Many South Africans are unaware, that this is the default form of civil marriage in lieu of an antenuptial contract being entered into before marriage.

In terms of being married outside of COP with accrual, parties enter into an antenuptial contract before marriage, stipulating that their individual assets are their own and that all assets accumulated during the marriage will be shared equally. The estates of the two parties therefore, are seen as being separate. In the event of marriage outside of COP without accrual, all assets accumulated before and during the marriage are seen as belonging to the party who paid for the asset and all accrued assets are therefore not shared.

When things heat up

It is also important to remember that a divorce decree which stipulates that one party is responsible for the payment of the other party’s debt – is an interparty agreement. Creditors have the right to seek payment from the individual who they have contracted with.

If you are not legally married, and take out a loan (in your name) for use by your romantic partner, or even a friend – then you are liable for that debt, whether you remain in that relationship, or not.

Alexanderson points out that the guilt and shame experienced by those who (outside of marriage) incurred debt for the benefit of a partner, often holds them back from seeking help. Elaborating on this point, he advises that, “as debt counsellors, we consult with many consumers who have acknowledged their dire debt situation, yet wait until legal action has been initiated by creditors before seeking help. At this point, one can be certain that collection fees and interest have already been charged to the account, by either the creditor or debt collector. This can have a devastating effect on the outstanding balance.”

Alexanderson concludes that, “as uncomfortable or inappropriate as it may seem, it is vital for parties in a romantic relationship to speak about their finances in detail. Though it may seem wrong to discuss what happens when a relationship ends, even before that relationship has really begun, the financial implications if things don’t work out, can be catastrophic. Though I say this tongue-in-cheek, it may be a good idea to ask for your partner’s credit report before you ask to meet their family.”