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US Consumer Fraud Losses Hit Record $10bn In 2023

Reported consumer losses to fraudulent activity in the US exceeded $10bn for the first time, representing a 14 percent increase over 2022, according to Federal Trade Commission (FTC) data.

The value of the losses increased even as the total number of fraud reports was little changed from the previous year at around 2.6m.

The FTC's Consumer Sentinel Network received 5.4m reports in 2023, including 1m identity theft reports and 1.8m complaints related to consumer issues such as problems with credit bureaus, banks and lenders.

Sentinel is a database that receives reports directly from consumers, as well as from federal, state and local law enforcement agencies, the Better Business Bureau, industry members and non-profit organisations. More than 20 states contribute data.

A total of 27 percent of the fraud reports, more than 690,984, detailed financial losses. While there were 170,952 reports of losses between $1 and $100, which was the highest number of reports, there were 98,348 reports of losses exceeding $10,000, which was the second-highest number.

Consumers reported losing more money to investment-related scams — more than $4.6bn — than any other category, a 21 percent increase over 2022. The second highest reported loss amount came from imposter scams, totalling nearly $2.7bn reported.

Notably, consumers reported losing $3.27bn through fraudulent bank transfers and cryptocurrency, which was more than all other payment methods combined.

Imposter scams were at the top of the list of fraud reports with 853,935 reports to Sentinel, accounting for 15.8 percent of all reports.

Business imposters were the most frequently reported form of imposter — scammers who falsely claim to be affiliated with a well-known company or a financial institution. A common variation is government imposters who impersonate local, state or federal agencies and demand immediate payment for a bogus tax or fee.

Imposter scams also included people falsely claiming to be a romantic interest, a relative in distress or a technical support expert to trick consumers into transferring money.

Digital tools are making it easier for scammers to target consumers, and the effects are evident in the data, according to Samuel Levine, director of the FTC's Bureau of Consumer Protection.

Online shopping issues were the second most common fraud complaint, followed by prizes, sweepstakes and lotteries; investment-related reports; and business and job opportunity scams.

Email was the method of contact used in 24 percent of fraud complaints that identified a contact method. That was followed by phone calls in 20 percent of reports and text messages in 15 percent of complaints.

Email displaced text messages, which topped the list in 2022 after decades of phone calls being the most common method.

Ranked by number of reports, consumers filed more complaints about identity theft (19.2 percent) than any other type of complaint.

Of these, the FTC received more than 416,582 reports from people who said that their information was misused with an existing credit card or when applying for a new card.

Credit cards were also identified as the most frequently used payment method in fraud reports.

The FTC uses the reports submitted through the Sentinel network in its law enforcement investigations and shares them with approximately 2,800 federal, state, local and international law enforcement professionals.

Although the FTC does not intervene in individual complaints, the reports help it to warn consumers and identify fraud trends.

Jurisdictions

United States

Authorities

Federal Trade Commission

Specialisms

Fraud & Security

Products And Services

Bank Accounts