

BBB Study: Online shopping scams flourish on social media during pandemic

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Milwaukee, Wis. – A shift toward online shopping during COVID-19, global supply chain crisis, and a resurging economy have all created a recipe for a breakneck holiday shopping season – one where online shopping fraud poses a tremendous risk to consumers. Online purchase scams have skyrocketed during the pandemic, and social media ads play a key role in the mushrooming problem, a new Better Business Bureau® (BBB®) study finds.

The in-depth investigative study – **Theft on a massive scale: Online shopping fraud and the role of social media** – finds the pandemic, along with lax social commerce shopping platforms, has opened the door for scammers in China to steal from desperate online shoppers. Read the full study [here](#).

Online shopping fraud has been growing for several years, but according to BBB research, it dramatically increased during the pandemic as more people shopped online. A BBB survey found 29% of people shopped online before COVID, and this increased to 37% by the end of 2020. In turn, BBB Scam Tracker reports about online shopping scams nearly doubled from 2019 to 2020, and the BBB Institute for Marketplace Trust named online shopping scams as the riskiest scam of 2020, publishing special reports on this growing fraud in 2020 and 2021. Complaints to the Federal Trade Commission (FTC) about online purchases more than doubled in 2020 and continue to increase throughout 2021. Also, online shopping has more BBB “F”-rated companies than any other type of business.

Most online fraud reports examined involve a response to online ads on Facebook and Instagram. After placing an order, victims report receiving nothing or receiving

items that were counterfeit or inferior to what the ads promised. Scammers often take product photos or a landing page from legitimate businesses, post them on Facebook and Instagram and take online orders at websites they create. This leads to complaints against legitimate businesses, as victims often do not realize they have lost their money to a scammer rather than the business the scammer was portraying.

Counterfeit and pirated goods, the subject of a 2019 BBB investigative study, are rampant in online shopping scams. Other online fraud reports involve sites selling non-existing pets, vehicle shipping schemes and deceptive free trial offers.

A large number of online shopping complaints registered at BBB and reports to BBB Scam Tracker can be traced back to Facebook and its subsidiary Instagram.

BBB found it was common that people who were not actively looking for a product, but lost money in the transaction, began with Facebook or Instagram 70% of the time. Fraudsters understand how Facebook targets shoppers and have developed strategies to reach those likely to be interested in buying their bogus products. Many victims and legitimate businesses believe that Facebook and Instagram should do more to prevent this widespread fraud. A recent federal class-action [lawsuit](#) against Facebook contends that it is complicit in fraudulent sales and fails to abide by its own policies in addressing them.

In November 2021, a Milwaukee woman reported to BBB that she nearly lost \$104 after purchasing something that she saw on Facebook Marketplace. Fortunately, she was able to receive a refund through Paypal.

“I was directed to a website from a Facebook Marketplace listing... After two weeks, I contacted the email address provided for an update – but received no response,” the woman reported to BBB. “I called the phone number provided on the website and discovered that the number is for another, unrelated legitimate store based in California.”

While credit cards are still the most frequent payment method in online scams, online scammers increasingly are requesting payment through PayPal. Credit cards and PayPal offer a degree of buyer protection by allowing buyers to dispute charges, although scam victims have reported difficulty getting refunds through PayPal. In addition, scammers employ a variety of tactics to circumvent the dispute process, including exorbitant shipping costs to return items for a refund, supplying

bogus shipping tracking numbers, and delaying the process in order to run out the clock for a dispute claim.

Online purchase scams originate from a variety of actors. Counterfeit goods operations, and those who sell goods online that are not delivered or send items significantly different from what was described, have been tracked to businesses or organized gangs based in China. While China has blocked its people from using Facebook's social media platform in China, businesses there traffic counterfeit goods and spend billions to advertise on the site. Pet scams are primarily operated by gangs from Cameroon. Vehicle scams have been traced to gangs from Romania and free trial offer scams have been found to be operated mostly by people in the U.S. and Canada.

Law enforcement actions mostly have been limited to scammers and their accomplices operating in the U.S. and Canada. In 2020, U.S. customs agencies seized \$1.3 billion in counterfeit goods, arresting 203 individuals and securing 98 convictions.

BBB's study makes the following consumer protection recommendations:

- Facebook should do more to enforce its policies for third-party sellers.
- BBB urges credit card payment processors to put more effort into combating those who provide merchant accounts to sellers who engage in fraud.
- U.S. consumers would benefit from a program to help counterfeit victims with chargebacks like one operated in Canada by the Canadian Anti-fraud Centre (CAFC). Such a program may help identify crooked credit card merchant accounts, bogus websites, and points of origin for counterfeit goods.
- More regulatory oversight is needed regarding companies that use websites to market products from China but deliver counterfeit goods, items not as advertised, or nothing at all.

Tips for avoiding online purchase scams:

- **Check out the website before making a purchase:**
 - Check BBB.org to check a business's rating and BBB accreditation status. Some crooks may copy the BBB seal. If it is real, clicking on the seal will lead to the company's BBB profile.
 - Scamadvisor.com can often tell you how long a website has been in operation. Scammers create and close websites regularly, so a site that

has only been operating for a short time could raise red flags.

- Do an internet search with the company name and the word “scam.” This may locate other complaints about the site.
- **Scrutinize reviews:** Scammers frequently post positive reviews on their websites, either copied from honest sites or created by scammers. One resource to check reviews is at BBB.org; some review websites claim to be independent but are funded by scammers. Look at the bad reviews first. These are more likely to be real and can help identify scams.
- **Search for contact information:** Use caution if the site does not have a U.S. and Canadian phone number or uses a Gmail or Yahoo business email address.
- **Keep a record of what you ordered:** Make a note of the website where you ordered goods. Take a screenshot of the item ordered in case the website disappears or you receive an item that differs from what was advertised.
- **Pay by credit card:** Credit cards often provide more protection against fraud than other payment methods.

Report online shopping fraud to:

- **Better Business Bureau** – file a complaint at BBB.org or report a scam at BBB.org/scamtracker.
- **Federal Trade Commission (FTC)** – file a complaint at reportfraud.ftc.gov or call 877-FTC-Help.
- **National Intellectual Property Rights Coordination Center** – report intellectual property and counterfeiting violations to iprcenter.gov/referral/view.
- **Internet Crime Complaint enter (IC3)** – file a complaint at ic3.gov/complaint.
- **Canadian Anti-Fraud Centre** – file a report at antifraudcentre-centreantifraude.ca or call 1-888-495-8501.
- **Facebook** – report ads that violate Facebook’s policies by clicking the *** next to an ad to go to facebook.com/business/help.
- **Instagram** – report copyright infringement or other policy violations at help.instagram.com.
- **Amazon** – report suspicious activities and webpages at amazon.com.
- **Google** – report scams at google.com.
- **PayPal** – call (888) 221-1161 to speak with a live person instead of using its automated system if you receive an item that is not as advertised.
- **Your credit card company** – Call the phone number on the back of the credit

card to report the fraud and request your money back.

For more information or further inquiries, contact the Wisconsin BBB at www.bbb.org/wisconsin, 414-847-6000 or 1-800-273-1002. Consumers also can find more information about how to protect themselves from scams by following the Wisconsin BBB on Facebook, Twitter, Instagram and YouTube.

ABOUT BBB: For more than 100 years, the Better Business Bureau has been helping people find businesses, brands and charities they can trust. In 2020, people turned to BBB more than 220 million times for BBB Business Profiles on 6.2 million businesses and Charity Reports on 11,000 charities, all available for free at BBB.org. There are local, independent BBBs across the United States, Canada and Mexico, including BBB Serving Wisconsin which was founded in 1939 and serves the state of Wisconsin.