

BBB Study: Reported online retail fraud losses approach \$380 million in 2022

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It's holiday shopping season and many consumers are searching online and social media for the perfect gifts. While shopping online is easy and convenient, Better Business Bureau® (BBB®) warns online shoppers searching for gifts and other merchandise to do their research, be mindful of social media scrolling, and use credit cards to avoid scammers.

The warning is an update to BBB's in-depth study, [Theft on a Massive Scale: Online Shopping Fraud and the Role of Social Media](#), issued last December.

Online shopping scam reports to [BBB Scam Tracker](#) remain just under all-time highs reached in 2021 with losses approaching \$380 million. According to an October BBB Institute for Marketplace Trust report, [scams being perpetrated online have risen 87%](#) since BBB Scam Tracker launched in 2015.

Of those reports, a vast majority of consumers lost money, making online shopping fraud one of the most dangerous and successful, according to the BBB Institute's research.

In many cases reported to BBB's Scam Tracker, the scammers entice shoppers with hard-to-find items, low prices, and fast delivery. **Nearly 36% of all online retail fraud reports to BBB Scam Tracker originated through a fake website.** Scammers used social media and email to initiate about 40% of reported scams.

Fraudsters found the shift to online shopping to be lucrative and convenient,

molding their efforts into various forms meant to trick shoppers. Items consumers receive may be completely different or worthless when compared to those advertised.

In 2022, online retail scams remain one of the most reported frauds to these groups, and mirror's BBB's findings: [Federal Trade Commission \(FTC\) Consumer Sentinel Network](#), and [Canadian Anti-Fraud Centre \(CAFC\)](#).

Complaints filed with BBB on the types of businesses that comprise online shopping were 16% lower in 2021 with the peak of 115,159 in 2020 and appear on pace in 2022 to equal or exceed 2021 complaints.

Scammers target three key moments in the shopping process, according to BBB Scam Tracker:

- **Before the purchase**, consumers may encounter advertisements for scams on social media.
- **While shopping**, shoppers may be enticed by artificially low prices or fake websites.
- **After the purchase**, fraudsters send fake tracking information and request more money for safe delivery.

These scams have three top warning signs in common:

- Prices that are too good to be true
- Websites that look legitimate, but credibility falls apart after a closer look,
- Credit card payment failures lead the seller to ask for payment over peer-to-peer payment apps or with gift cards.

Fraudsters use a variety of methods to collect money, including credit cards, money transfer services (Venmo, Zelle, PayPal) and gift cards. PayPal is the only cash-sharing app that offers some protections for consumers, though reports to BBB show mixed success in obtaining refunds. BBB recommends consumers pay with a credit card when possible, as those companies have strong procedures in place for

disputing fraudulent transactions.

Prosecuting scammers remains difficult, but in March, the [U.S. Department of Justice extradited and arrested two men from Lithuania](#) for their alleged roles in a \$3.5 million online vehicle sale scam. BBB urges more law enforcement action against online scams and additional protection for consumers using cash sharing apps.

BBB recommendations for researching online retail sellers:

- Check BBB.org for BBB Business Profiles and consumer reviews.
- Search for online reviews.
- Review the website's URL for misspellings or other errors. · Examine the URL with Google's Transparency Report tool.
- Use a map app to verify the business's address.
- Make sure you can pay by credit card, which offers the most protection against loss.
- Treat a social media or email ad with suspicion until you have investigated the company behind it.

Who to contact if you are the victim of an online purchase scam:

- **Better Business Bureau** - [BBB Scam Tracker](#) to report a scam online.
- **Federal Trade Commission (FTC)** - [reportfraud.ftc.gov](#) to file a complaint online or call 877-FTC-Help.
- **Canadian Antifraud Centre** - [Online](#) or call 1-888-495-8501 for scams involving Canada.
- **Your credit card issuer** - report the incident if you shared your credit card number, even if the transaction was not completed. Monitor your statements and if you suspect fraud, ask for a chargeback. It isn't guaranteed, but many credit card companies will grant one.

Find more information about this and other investigations by BBB's International Investigations Initiative at bbb.org/scamstudies.

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 2021, people turned to BBB more than 200 million times for BBB Business Profiles on 6.3 million businesses and Charity Reports on 25,000 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.