



Online Purchase Scams Report

2020

Introduction

In March 2020, BBB Institute for Marketplace Trust (BBB Institute) released the *2019 BBB Scam Tracker Risk Report*, announcing that online purchase scams were among the top three riskiest scams for the third year in a row. Only weeks after the release of the report, the COVID-19 pandemic forced businesses to close and people to begin social distancing. Consumers increased their online presence, prompting us to launch a new research project to better understand how online purchase scams are being perpetrated, who is being targeted, the overall impact of these scams, and how we can help people avoid losing money to them. This research paper is based on two sets of data: 1) An analysis of approximately 41,000 online purchase scam reports submitted to BBB Scam TrackerSM between 2015 and September 2020, and 2) new survey research conducted in 2020 targeted at those who reported online purchase scams.¹

What Is an Online Purchase Scam?

Online purchase scams typically involve the purchase of products and/or services where the transaction occurs via a website or other online means. Scammers utilize online technology to offer attractive deals, but once the payment is made no product or service is delivered. In another version, fraudsters pretend to purchase an item by sending a fake check and then asking for a refund of the “accidental” overpayment; by the time the victim realizes the check is bad they’ve already sent the funds from their account.

Overall Impact of Online Purchase Scams

Online purchase scams were among the top three riskiest scams in 2017, 2018, and 2019, according to the BBB Risk Index—a multidimensional approach to evaluating scam risk that considers three dimensions: exposure (prevalence of a scam type), susceptibility (the likelihood of losing money when exposed to a scam type), and monetary loss (the median dollar loss reported for a particular scam type). So far in 2020, 37.9 percent of all reports to BBB Scam Tracker were online purchase scams, up from 24.3 percent in 2019. A staggering 80.5 percent of consumers reporting online purchase scams in 2020 lost money, a steady rise from 71.2 percent in 2015, when we began collecting data. The median dollar loss for this scam was up in 2020 (\$93) from 2019 (\$76), but down from 2015 (\$110) (Figure 1).

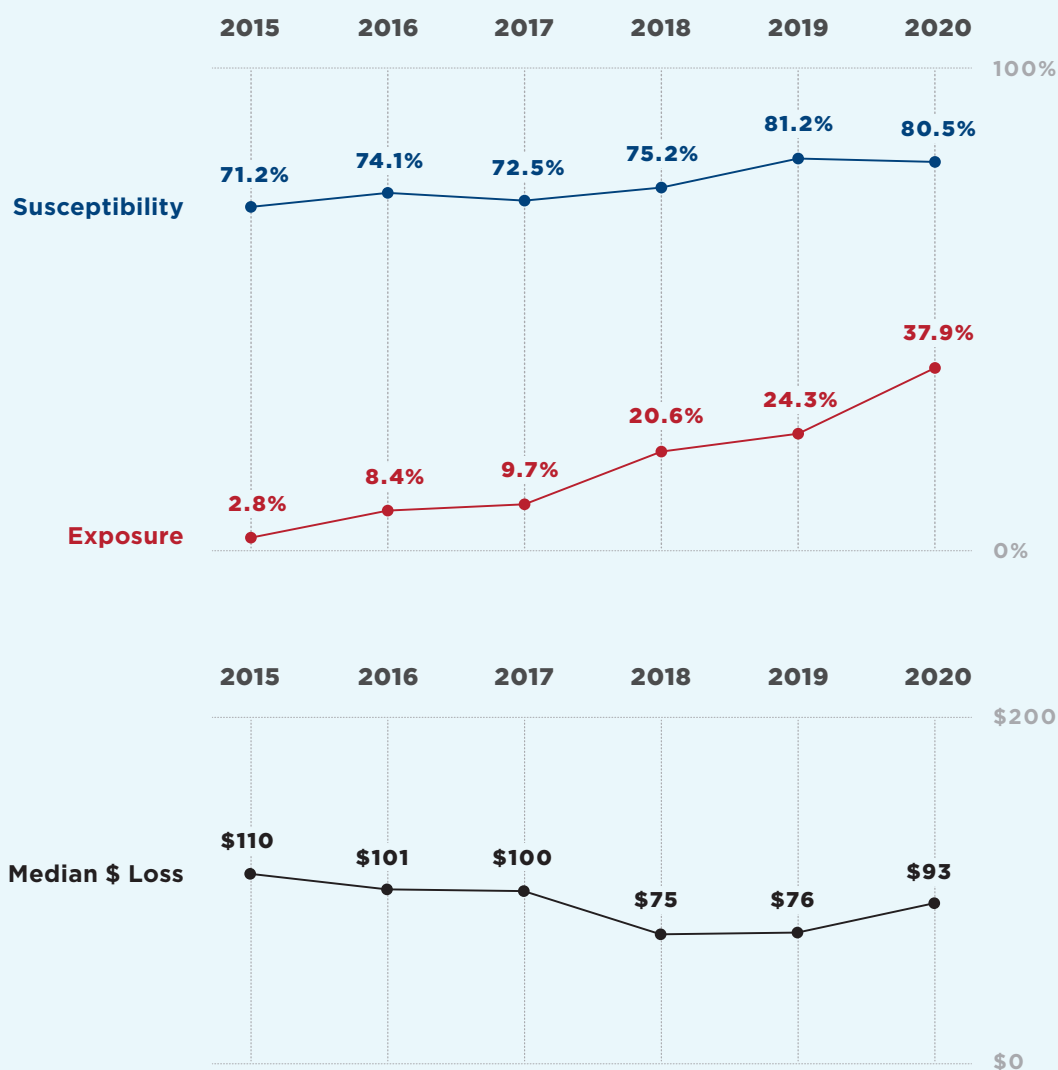
¹ Conducted from August 11, 2020 to August 20, 2020 with 1,549 responses from people who reported online purchase scams to BBB Scam Tracker. Margin of error of +/- 2 percent at 95 percent confidence level.

We have witnessed significant change in this scam type during the past few years. The majority of scams reported to BBB Scam Tracker resulting in a monetary loss are from online purchases. In 2015, these scam types comprised just 13 percent of all scams reported with a monetary loss; in 2020, they comprise a whopping 64 percent.

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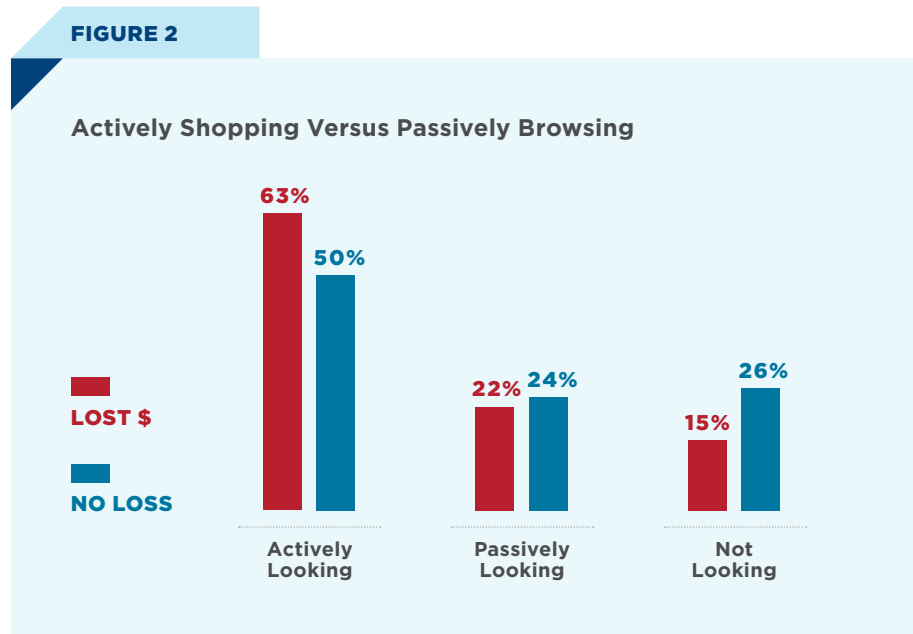
FIGURE 1

Susceptibility, Exposure, and Monetary Loss by Year for Online Purchase Scams

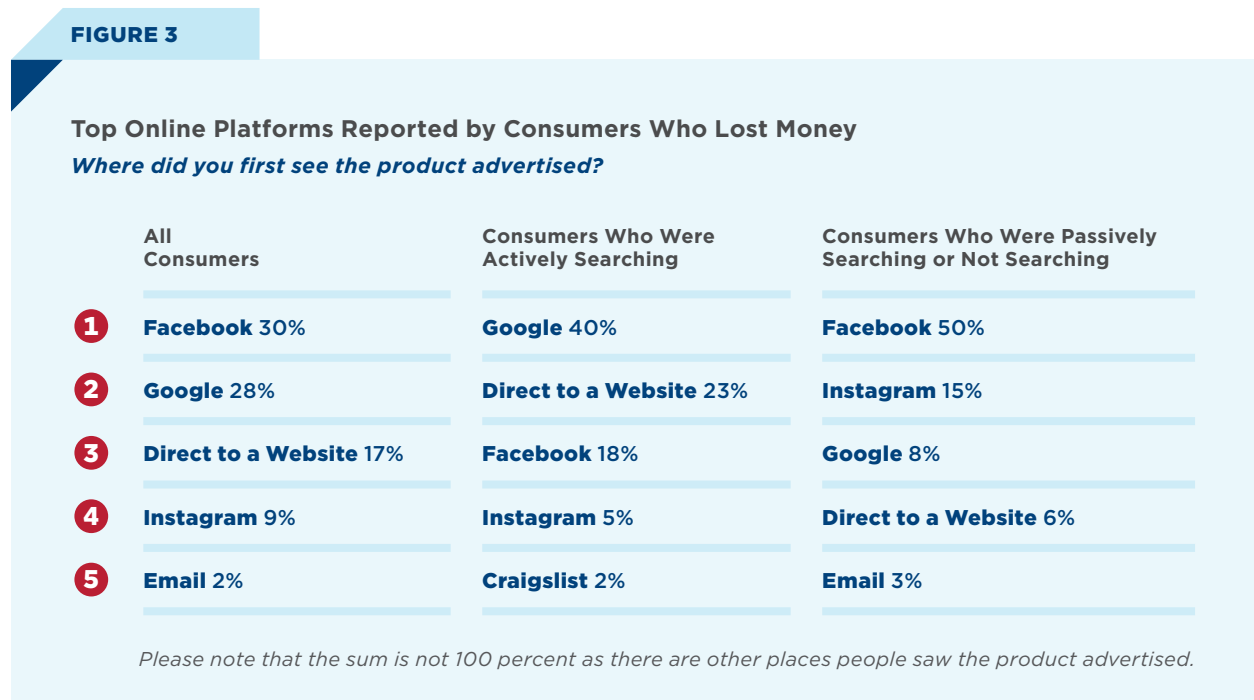


How Scammers Engaged with Their Targets

Whether or not a consumer was actively shopping for a product versus passively browsing appears to have an impact on victimization. Sixty-three percent of survey respondents were actively searching for a product when they lost money to an online purchase scam. Twenty-two percent of those who lost money were passively searching while 15 percent were not looking at all (Figure 2). The top online platforms where consumers who lost money to an online purchase scam first learned about the product include: Facebook (30 percent), Google (28 percent), a specific website (17 percent), and Instagram (9 percent) (Figure 3).



► People who were passively searching or not searching at all were less likely to lose money than those who were actively searching for products/services.

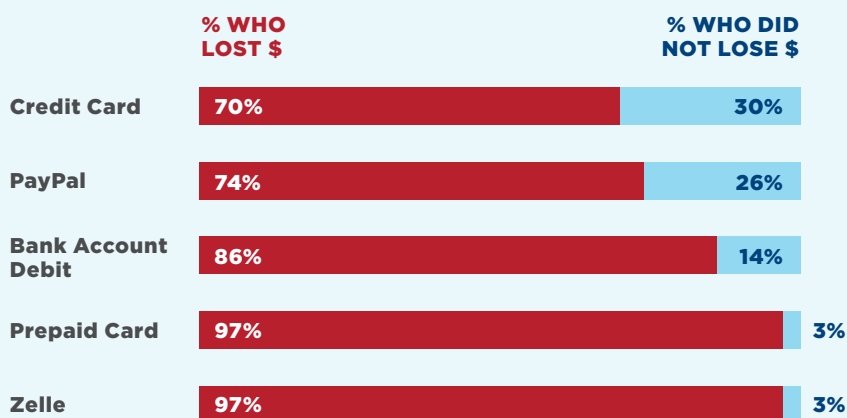


Payment Type and Loss

Credit cards (35%) were the most common payment method used for online purchase scams, followed by PayPal (23%), bank account debit (20%), Zelle (7%), and prepaid card (3%). Those who paid with PayPal or credit card were less likely to lose money (Figure 4). Those who paid with bank account debit and prepaid card or Zelle were more likely to lose money.

FIGURE 4

% of Consumers Who Lost \$ Versus % Who Did Not Lose \$ to an Online Purchase Scam by Payment Type



Those who paid with credit card or PayPal were less likely to lose money.

Shipment Tracking Information

According to our survey, 59 percent reported receiving shipment tracking information after making the purchase. Of those receiving shipment information, 54 percent reported that the tracking information was fake. For the other 46 percent, the tracking seemed real or they did not check it.

Efforts to Contact the Seller

Victims of online purchase scams lost time as well as money: 62 percent attempted to contact the seller more than three times, 25 percent reached out two to three times, 4 percent reached out once, and 9 percent did not reach out.

Consumers Receive Packages They Didn't Order in 'Brushing Scams'

Did you receive merchandise you didn't order? Consumers should **be aware of brushing scams**. In these scams, fraudsters seek to make it appear as though you wrote a glowing online review of their product, and that you are a verified buyer of that merchandise. This means they could have your personal information. A common example of products used for these scams are "mystery seeds" or ping pong balls because they are light and cheap to mail.

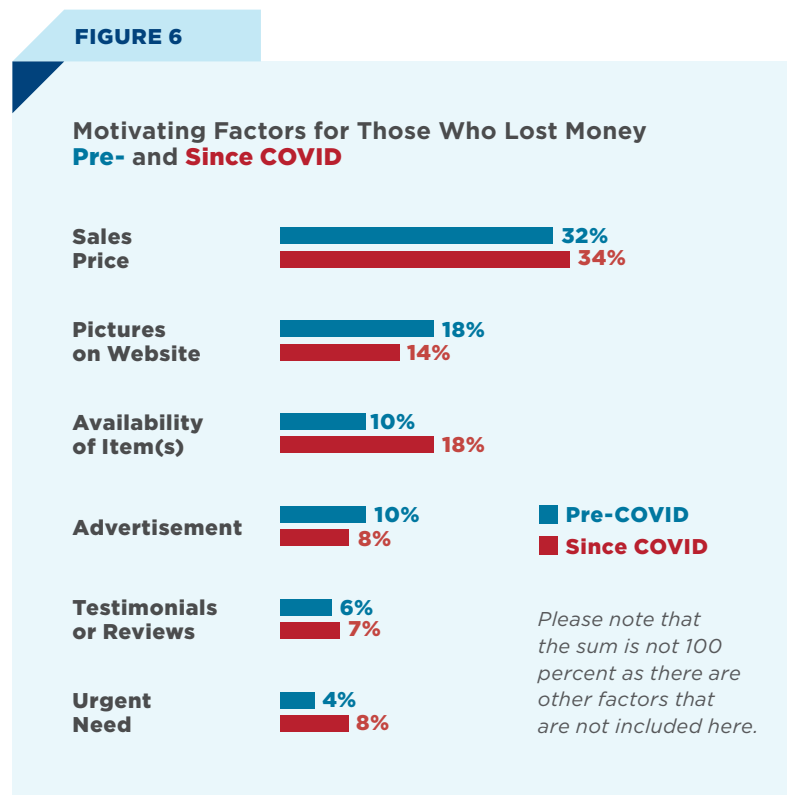
Factors Leading to Monetary Loss

Of those who lost money to an online purchase scam, 73 percent paid for a product and/or service and never received it. Others who fell for this scam type received an item different than the one that was promoted and could not get a refund (15 percent), had their credit card information stolen (1 percent), and reported other issues (11 percent) such as overcharges, extra fees, "free" trial offers, recurring charges, and returned products with no refund (Figure 5).

The top reason victims purchased a product and lost money was sales price (Figure 6). Scammers succeed by offering products consumers want at significantly reduced prices. Following COVID-19, the second biggest motivating factor became the availability of items, which was likely related to products that suddenly became difficult to acquire such as masks, wipes, and toilet paper. Motivations varied by type of product; pictures on the website were the number one motivator for purchases of pets or clothing/accessories and the number two motivator for purchases of motor vehicles. Free trial offers were the primary motivation for skin care and medical/nutrition products.



According to the survey, 53 percent did not realize they were experiencing a scam until they did not receive the purchased product. Eight percent said they figured out it was a scam when they were charged more than they were told, six percent when the item they received did not match the product description, and five percent when they were unable to return the product for a refund. Only two percent said they knew immediately they had been scammed.



Increased Exposure & Risk Following COVID-19

According to our survey research, consumers increased their frequency of online purchasing following the outbreak of COVID-19. The number of people shopping weekly increased from 29 percent pre-COVID to 37 percent since COVID. Those who shopped almost daily increased from 10 percent pre-COVID to 17 percent since COVID. Thirty percent of survey respondents who were targeted after COVID-19 said they were purchasing online versus in-person due to pandemic-related reasons. Those purchasing online due to COVID were more likely to lose money (83 percent) compared to those who were not (77 percent).

FIGURE 7

% of Consumers Who Lost \$ Shopping Online
Due to COVID versus Not Due to COVID

83%
Lost \$

Shopping Online
Due
to COVID

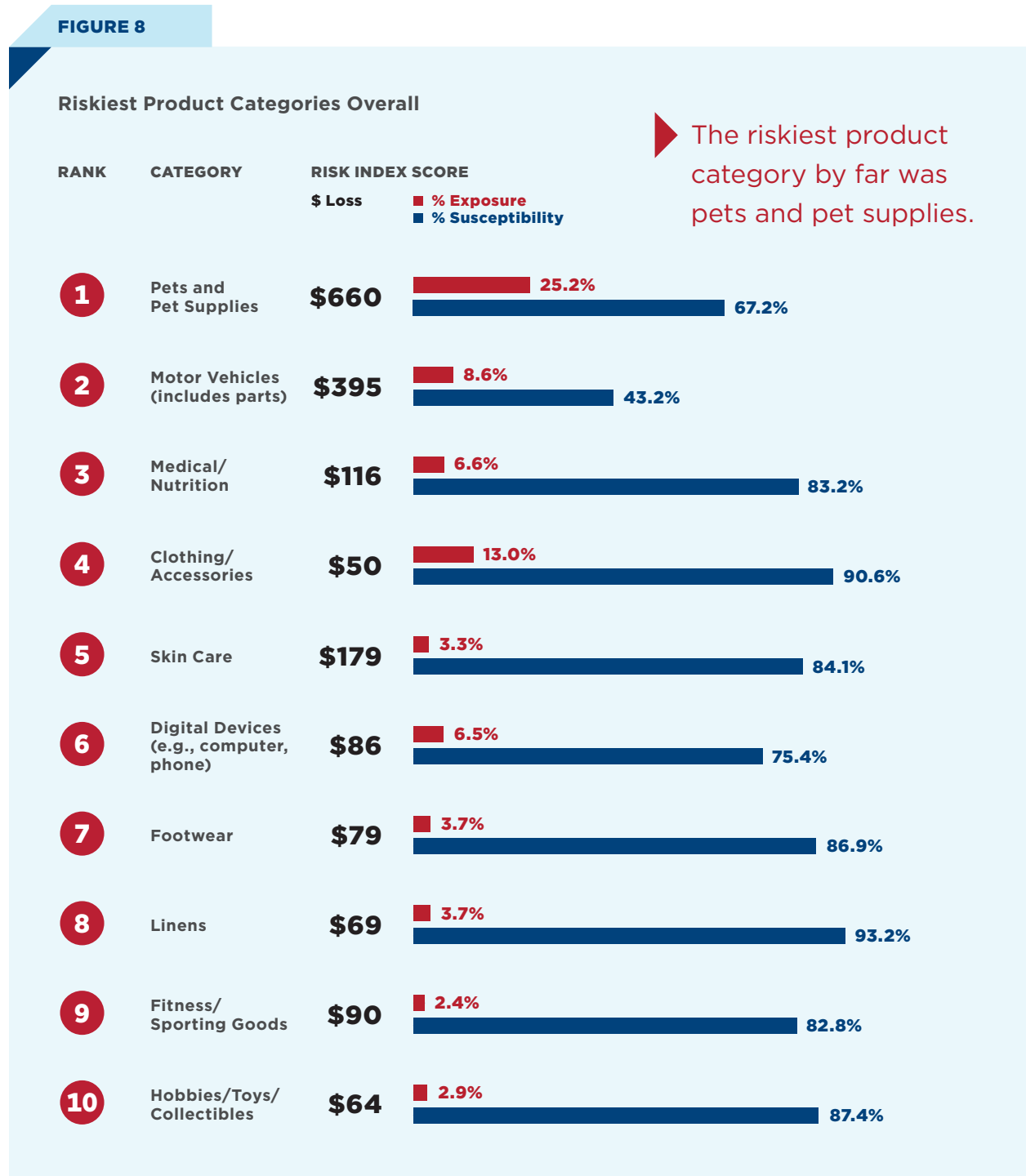
— **VS** —

77%
Lost \$

Shopping Online
NOT Due
to COVID

Risk by Product Type

Though scammers utilize a wide variety of products to perpetrate their scams, certain product types appear to be riskier than others. The riskiest product category by far appears to be pets and pet supplies. During our five years of collecting data via BBB Scam Tracker, 25.2 percent of all reported online purchase scams were related to pets and pet supplies with a median dollar loss of \$660. Motor vehicle (including parts) and medical/nutrition (including masks) products were the second and third riskiest product categories overall.



Risk of Online Purchase Scams Rises During Holiday Season

Scammers vary the product categories they use to perpetrate scams throughout the year based on consumer behavior patterns. The risk of online purchase scams rises around the holidays with more people making online purchases and with scammers paying close attention to the most popular items. According to our analysis, there was an increase in exposure during the holidays of the following product categories: linens, information/media, skin and hair care, hobbies/toys/collectibles, footwear/shoes, home decorations, jewelry, motor vehicles, clothing/accessories and digital devices.

Impact of COVID-19 on Products Used for Scams

In 2020, pet/pet supplies and medical/nutrition products (including masks) rose to become the riskiest product categories. This shift was likely related to the COVID-19 pandemic and the increased attempt by scammers to use COVID-related products to perpetrate scams. Other product categories rising in risk following COVID-19 were household supplies, fitness/sporting goods, swimming pool items, firearms/weapons, furniture, hair care, food, hobbies/toys/collectibles, home appliances, and lawn/garden.

▶ Among other notable product categories rising in risk following COVID-19 were household supplies and fitness/sporting goods.



Are Free Trials Really Free?

Medical/nutrition and skin care products are often offered via so called free-trial offers. These offers come with fine print buried on the order page or behind a link that gives consumers only a short period of time to receive, evaluate, and return the product to avoid being charged. In addition, the same hidden information may state that by accepting the free trial offer, the consumer is signing up for monthly shipments of the products and that fees will be charged to their credit card. It's often difficult to contact the seller to stop recurring charges, halt shipments, and get refunds.²

² BBB issued a full report about free trial offers in 2018: [Subscription Traps and Deceptive Free Trials Scam Millions with Misleading Ads and Fake Celebrity Endorsements](#), BBB International Investigation Committee.

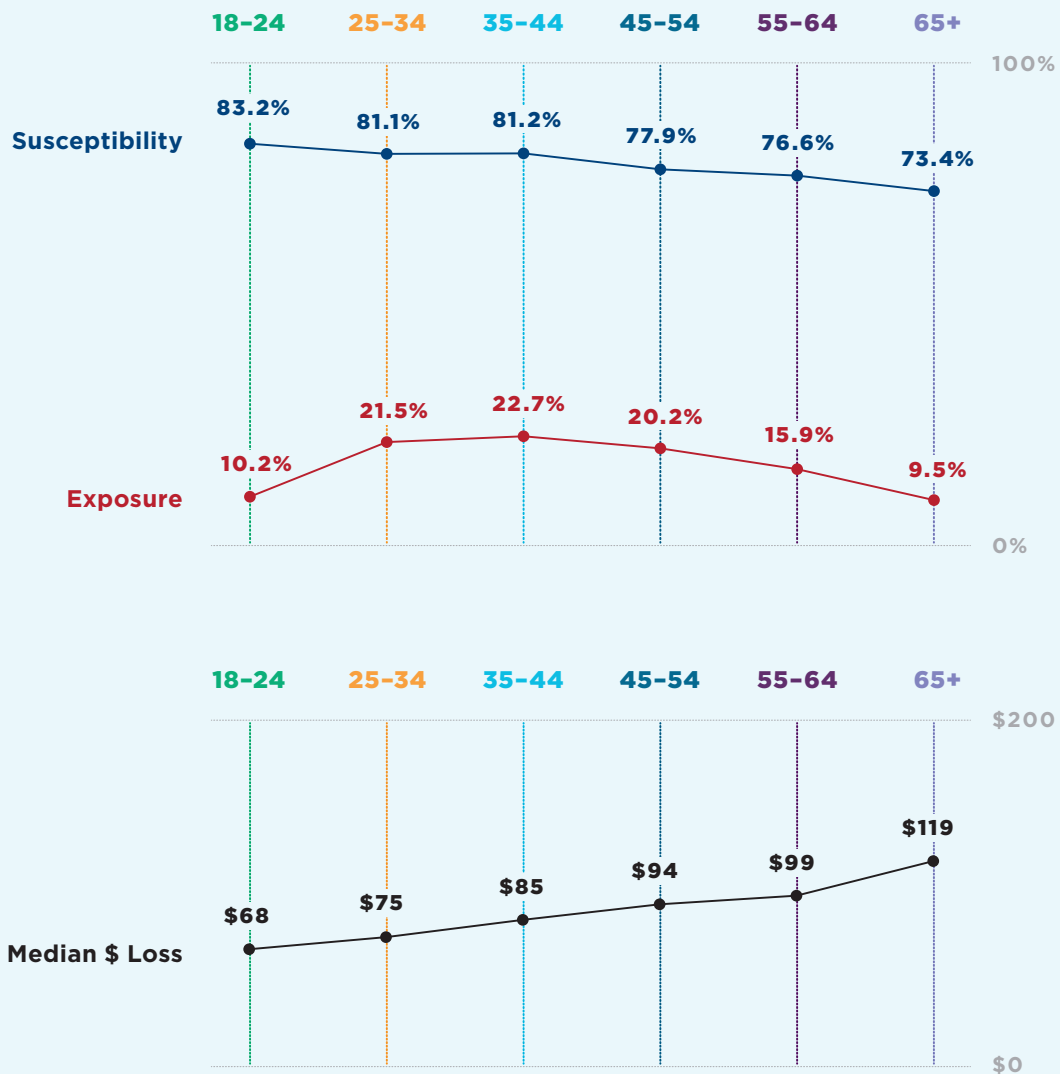
Overall Impact on Demographic Groups

Age

Exposure, susceptibility, and monetary loss for online purchase scams (Figure 9) varies by age. Those ages 35 to 44 are most at risk of losing money to online purchase scams, while younger consumers are more susceptible than older adults. However, older adults lose significantly more money than young adults when they fall prey to online purchase scams. This is in line with findings across all scam types.

FIGURE 9

Susceptibility, Exposure, and Monetary Loss by Age for Online Purchase Scams (2015 to 2020)



Gender

Of the online purchase scams reported to BBB Scam Tracker between 2015 and September 2020, 68.5 percent were reported by women compared to 31.5 percent by men. Women are more likely to lose money to online purchase scams (80.9 percent) than men (73.9 percent), but men lose more money (\$100) than women (\$80) when they fall prey to these types of scams.

Military Status

Almost 10 percent of online purchase scams reported to BBB Scam Tracker between 2015 and 2020 came from the military community (active duty, spouses, and veterans). Military consumers are more susceptible overall, with military spouses (81.9 percent) and veterans (78.7 percent) more likely to lose money to these scam types than non-military consumers (77.9 percent). More concerning is that the median dollar loss for all military consumers—active duty (\$109), military spouses (\$96), and veterans (\$98)—is higher than non-military consumers (\$88).

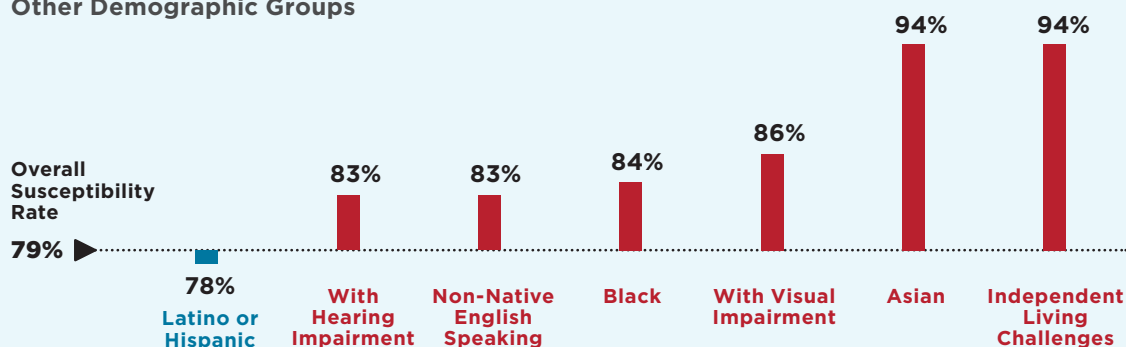
► **Military consumers lose more money to online purchase scams than non-military consumers.**

Impact on Other Demographic Groups Identified in 2020 Survey Research

Our survey research considered other demographic groups that may be more vulnerable to online purchase scams. Compared to the overall susceptibility rate for all survey respondents (79 percent), the following groups in the U.S. and Canada were more likely to lose money to scammers: consumers facing independent living challenges (94 percent), Asian consumers (94 percent), the visually impaired (86 percent), Black consumers (84 percent), non-native English speakers (83 percent) and the hearing impaired (83 percent).³

FIGURE 10

Susceptibility Differences Among Other Demographic Groups



³ Further research is recommended. And, it should be noted that it is likely there is under-reporting to BBB Scam Tracker from some of these populations since our sample indexed lower than the overall population for responses from Blacks (7 percent), Hispanic/Latinos (4 percent), and Asians (3 percent).

Protective Factors and Behaviors

Forty-five percent of survey respondents in 2020 said they avoided losing money because they had a gut instinct something was not right about the situation. Other key factors that helped targets avoid losing money were: checking the background of the scammer (20 percent), intervention by organizations such as a banks or credit card companies (15 percent), knowledge about the tactics of scammers in general (12 percent), researching online purchase scams (11 percent), past experience with scams (4 percent), and knowledge about online purchase scams (4 percent).

Impact of Prior Knowledge to Online Purchase Scams

Those who were aware of online purchase scams prior to being targeted were less likely to lose money (77 percent) than those who were not aware (82 percent).



Out of the 57 percent who **did not research the website or business** via an independent source before making a purchase, **81 percent lost money.**

FIGURE 11

Factors Preventing Monetary Loss



STRUCTURAL INTERVENTIONS: Ten percent of those exposed to the scam said an organizational representative (from banks, credit card companies, etc.) tried to intervene to stop the transaction. **When they did, 40 percent of targets were able to avoid losing money.**

Please note that sum is greater than 100% because people could select more than one response.

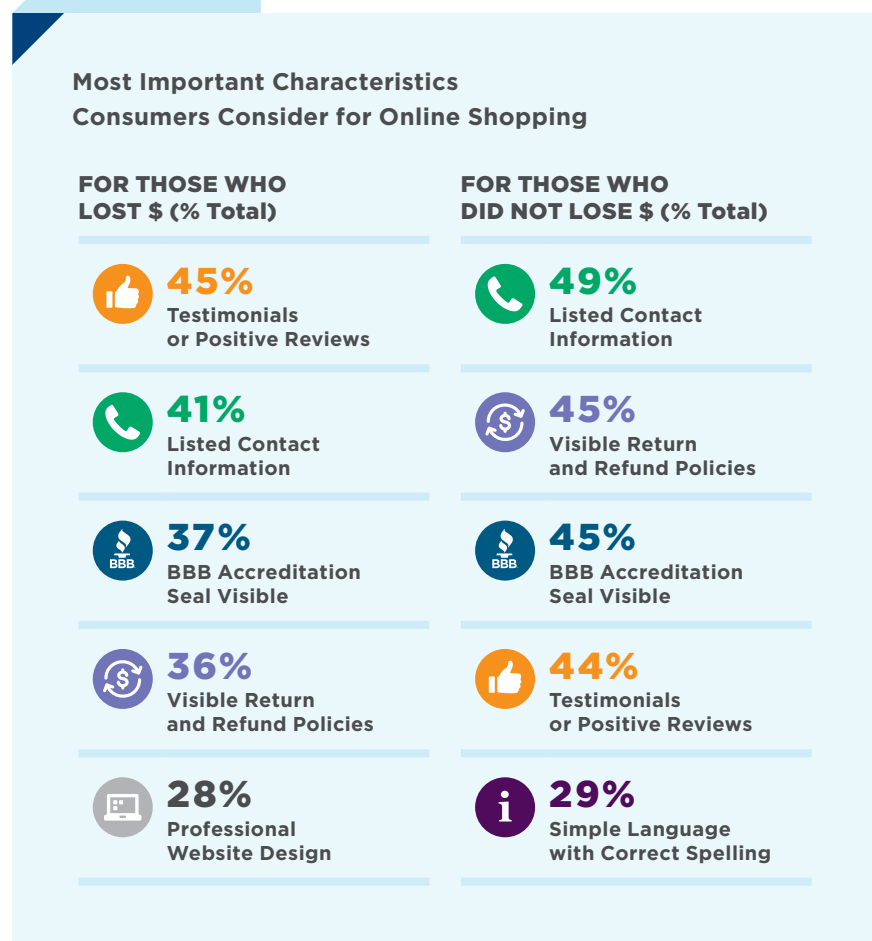
Consumer Trust & Confidence

Trust is a critical factor for consumers making decisions about where to do their online shopping and for businesses interested in attracting and retaining customers. As exposure for online purchase scams continues to rise, how consumers make decisions about where to conduct their online purchases will impact their scam risk. According to our survey, 35 percent of those who were exposed to an online purchase scam will only trust known retailers for future purchases while 46 percent said they now better understand the red flags for identifying fraud or are more confident in detecting a future scam attempt.

When asked which factors helped them trust a website (open-ended question), the top five factors listed included: buying from a reputable business, testimonials and reviews, researching the business before buying, checking with BBB (e.g., BBB Accreditation Status) and reviewing the security and/or professionalism of the website.

When asked to choose the top three characteristics they consider before choosing a business or website for online shopping, survey respondents who did not lose money mentioned the presence of contact information on the website (address, phone number), a visible return and refund policy, and a BBB Accreditation seal on the website (Figure 12).

FIGURE 12



▶ Those who did not lose money were 22 percent more likely than those who did lose money to say the BBB Accreditation seal is an important factor in helping them decide who to trust online.

Please note that sum is greater than 100% because people could select more than one response.

Prevention Tips: What Consumers Can Do To Avoid Online Purchase Scams



If the deal looks too good to be true, it probably is.

The top motivating factor for people who made a purchase and then lost money was price. Don't shop on price alone.



Professional photos do not mean it's a real offer.

Respondents reported that website photos motivated them to engage with scammers, especially for Pets/Pet Supplies, Clothing/Accessories and Vehicles.



Before you buy, do your research.

Out of the 57 percent who did not research the website or business via an independent source before making a purchase, 81 percent lost money.



Beware of fake websites.

CHECK THE URL Scammers will create fake URLs that mimic well-known brand names. If you look closely you can usually detect one character or something else that is incorrect.

WATCH FOR BAD GRAMMAR Read the content carefully—you may detect typos and bad grammar, indicating the website was put together quickly.

RESEARCH AGE OF DOMAIN Scammers create attractive sites quickly to attract victims before the sites must be taken down. Online tools can help you find out how long the domain has been active. If it's a young website, proceed with caution.

SEARCH FOR CONTACT INFORMATION Is there a way to contact the business (phone, email address, address, online chat)? If the only contact information you can find is an online form, do a little more research.

ONLINE REVIEWS Visit [BBB.org](https://www.bbb.org), [Google](https://www.google.com), or other third-party sources to determine if consumers have filed complaints against the business.



Beware of making quick purchases while scrolling social media.

Did you see an ad for those red shoes you've been searching for, and they're a steal? Like marketers for real companies, scammers have access to the tools they need to learn about your buying behaviors, offering up exactly what you want at enticing prices.



That shipment tracking information you received might be fake.

Of the 59 percent that received shipment tracking information, 54 percent reported it was fake. Look closely to make sure you are dealing with a legitimate business.

Don't just click on the tracking link; go to the shipper's website and type in the code yourself to see if it's real.



Use secure and traceable transactions and payment methods.

Via our survey, those who paid with credit card or PayPal were less likely to lose money. Avoid paying by wire transfer, prepaid money card, gift card, or other non-traditional payment methods.



Don't believe everything you see.

Scammers are great at mimicking official seals, fonts, and other details. Just because a website or email looks official does not mean it is. If a business displays a BBB Accreditation Seal, you can verify its legitimacy via the [BBB.org](https://www.bbb.org) website.



Make sure the website is secure.

Look for the "https" in the URL (the extra s is for "secure") and a small lock icon on the address bar. Never enter payment or personal information into a website with only "http" (it is not secure).



Be careful purchasing sought-after products, especially during the holiday season.

The risk of online purchase scams rises during the holidays because more people are making online purchases, but also because scammers are offering the most popular products for the season at great prices.

Acknowledgements

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About BBB Institute

BBB Institute for Marketplace Trust (BBB Institute) is the educational foundation of the Better Business Bureau. Our mission is to educate and protect consumers, promote best practices for businesses, and solve complex marketplace problems. Our consumer educational programs, which include a wide array of resources on fraud prevention and education, are delivered digitally and by BBBs serving communities across North America. You can find more information about BBB Institute and its programs at ***BBBMarketplaceTrust.org***.



About BBB Scam Tracker

BBB Scam Tracker (***BBB.org/ScamTracker***) is an online tool that enables consumers to learn about the latest scams being perpetrated in their communities, report scam activity, and prevent others from falling prey to similar cons.



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For platform-specific tips about being safe online or reporting scams from Facebook, Google, Instagram, Paypal, and more visit:

BBB.org/OnlinePurchaseScams