



Third Quarter 2021

Online Shopping Increased in 2020; So Did Online Scams

Online purchase scams boomed during the pandemic as more people bought items online. According to the Better Business Bureau Scam Tracker Risk Report, nearly 40% of Scam Tracker reports were about online purchases. More than 80% of consumers reporting these scams lost money - on average \$93, but sometimes thousands of dollars.

While many scams resulted from searching for a specific product, a great many also resulted from unsolicited product offers, designed to match items in which you may have shown a recent interest. Facebook may be good at squashing postings it feels are inaccurate, but when it comes to products offered on Facebook and other media sites, you are on your own. Anyone can set up an online shop or post an ad on social media. Scammers know the rules better than most legitimate advertisers and know how to optimize the exposure and attractiveness of their products.

How can you avoid online scams?

(1) Know your seller. Make certain the url is legitimate and not a knock-off of a real company. Search the seller's name online and see if negative reviews show up. Find out where the company is located.

(2) Follow the website's fraud prevention guidelines if you are buying through PayPal, Ebay, Craigslist or other "auction-type" platforms.

(3) Use credit cards but have alerts set. Using credit cards for purchases creates the vulnerability for credit card fraud, but it also gives you more protection than debit card purchases or direct bank withdrawals. You can dispute a fraudulent sale with your credit card company. Once money is withdrawn from your bank account via debit card, check or even cashier's check, it's gone. To minimize the risk of credit card fraud, set alerts with your credit card company to notify you of transactions above certain dollar amounts, charges made without a card, international charges, current balances, payments, etc.

(4) Don't rush into a decision and remember that something too good to be true probably isn't. Pressure to buy before the deal disappears is a good indication of a scam. Scammers are anything but stupid. They know how to prey on people's desires and fear, and pressure you to act before you have time to verify the offer.

(5) Scarce products and popular items are also great for scammers, because they know people are willing to overpay or take a chance to buy the item. If you can't buy in person, or from an established seller, you could be the victim of a scam.

(6) Check before you decide to contribute money to an online appeal, even if the cause sounds legitimate. The nicer you are and the older you are, the more effort scammers will make to reach you, believing you will be an easy touch for the right sob story.

(7) Know the signs of a fake check scam. A fake check scam encourages you to deposit a fraudulent check and then send some of the money back. A cashier's check is not a guarantee that the check is good. Cashier's check fraud is so widespread that many companies will not accept them.

It can take weeks for a bank to confirm a bad check. If you have sent the scammer back money, it's gone and you are going to have bad check fees and overdraft expenses if you use the funds. Your best defense is to NOT deposit suspicious checks.

In most cases of fraud, you will never get your money back. Use caution to minimize chances that you will be a victim.

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