

The top 10 consumers scams of 2014

By: Patricia L. Harman

With fraud costing insurers and consumers an estimated \$80 billion a year, it's easy to see why so many scammers are finding it a lucrative way to make money. The pain and cost to the victims seems to escalate even as technology has made it easier for fraudsters to steal information and use it in a variety of ways.

Cybercrime risks continue to grow and most businesses still underestimate the impact a data breach will have on their operations, particularly their reputation. Customers are far more likely to leave a company that has suffered a data breach.

The National Consumer League (NCL) conducted an analysis of more than 10,000 consumer complaints submitted to them in 2014 and found a number of scammers are using the telephone to part consumers from their money.

"Fraud remains one of the most pernicious threats facing consumers today," said NCL Executive Director Sally Greenberg. "We are particularly concerned about scammers increasingly relying on the 'old-fashioned' telephone as a way to reach millions of potentially vulnerable consumers."

"Despite the modern bling of Internet scams, it's hardly surprising that old-line phone scams remain popular. Voice-to-voice contact personally engages a consumer in real time. Trained hucksters can adroitly push emotional buttons that exploit a victim's fears, gullibilities or blind hope for easy money. Scams involving Medicare, Obamacare and fake health insurance rely heavily on the personal touch of phone pitches," said James Quiggle, Director of Communications, Coalition Against Insurance Fraud.

In fact, almost half (42.8%) of those filing complaints said they were contacted by the fraudsters via the telephone, a 6.49% increase over 2013. Other methods of contact included the Web (30.97%), email (15.71%) and old-fashioned snail mail (6.92%).

Here's a look at the top methods scammers used to collect money from consumers.

1. Internet and general merchandise

We've all purchased items on the Internet. In this case, scammers either didn't deliver the goods or what they sent was misrepresented in terms of quality. It's not unusual for some scammers to use photos from well-respected and recognized retailers to sell their inferior quality goods.

2. Prizes/Sweepstakes/Free gifts

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**Coalition Against
Insurance Fraud**

The old adage, "if it sounds too good to be true, it probably is" certainly comes into play here. The scammers often request payment for fictitious prizes, gifts or even lottery winnings.

3. Fake check scams

The number of fraudsters perpetrating fake check scams has dropped seven points from number one to number three. This scam involves providing fake checks for work that was done or items being purchased from the victim.

4. Recovery or refund companies

Also known as phantom debt scams, these frauds are the fastest growing scams and involve a fraudster contacting a victim claiming to be collecting on unpaid debts. Consumers who question the debt have been threatened with jail time, legal action or other consequences. This scam jumped 6.23% from 2013.

5. Advance fee loans & credit arrangers

With this scam, consumers are offered personal or business loans for an upfront fee. Even those who have poor credit have been contacted by companies that offer to help them improve their finances and credit scores.

6. Computer equipment and software

There are several computer scams and one of the more recent ones involved Ransomware,