

Gift Card Scams: AARP Survey of U.S. Consumers



Background & Objectives

Gift cards are a hot commodity for today's criminal. Criminals compromise gift cards on retail racks and drain their value as soon as the cards are activated. Criminals also are skilled at convincing their targets that gift cards are legal tender for any manner of financial obligation. In fact, gift cards as a form of payment in scams has been on the rise since 2018.¹

According to the Federal Trade Commission (FTC), consumers reported losses of \$233 million in 2021 to scams involving gift cards as the form of payment.

AARP conducted this study to understand the experience when consumers encounter financial loss related to gift card fraud in two scenarios:

- 1) **Gift card payment scam** – when a criminal convinces a consumer to pay a fake financial obligation by purchasing gift cards and sharing the numbers off the back of the cards.
- 2) **Zero-value gift cards** – when a consumer has given or received a card with no funds on it.

Key Findings

Gift Card Payment Scams

- ❖ Slightly more than a third of US adults, mostly younger than age 50, have been targeted by scams seeking payment by gift card.
- ❖ Of those who were targeted, a quarter of them followed through by purchasing gift cards and sharing the numbers off the back, believing they were taking care of some financial obligation.
- ❖ The most common scams in which the target was approached to pay for something by purchasing gift cards were to pay a fee to claim a large prize, sweepstakes or lottery; pay an upfront fee for a service or product; or to do a favor for a friend or someone at work.
- ❖ About one fourth of these consumers were warned by a store clerk or manager that their gift card purchase could be part of a scam.

Zero-Value Gift Cards

- ❖ A quarter of consumers in the U.S have given or received gift cards that had no funds on them.
- ❖ More than a third of consumers who discovered 'no funds' on their gift card called the number or visited the website on the back of the card.
- ❖ More than half of respondents who tried were not able to obtain a credit or refund for the missing balance.

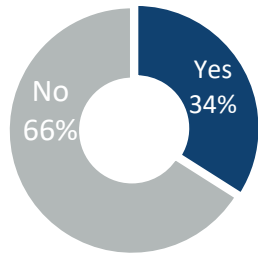
Consumers Want Lawmakers to Act

- ❖ Nearly nine in ten consumers agree – with 61 percent saying they strongly agree – that lawmakers need to do more to protect consumers from fraud and scams.

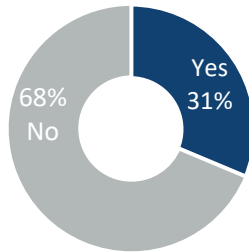
¹<https://public.tableau.com/app/profile/federal.trade.commission/viz/FraudReports/FraudFacts>

About a third of consumers have been targeted for a gift card payment scam

Over 30 percent of consumers in the U.S have been targeted by scams asking for payment by gift card

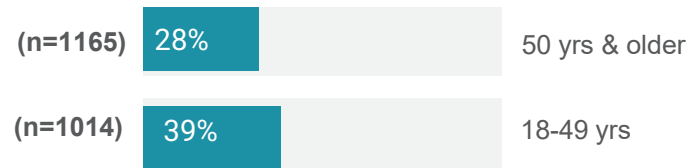


2022 (n=2179)

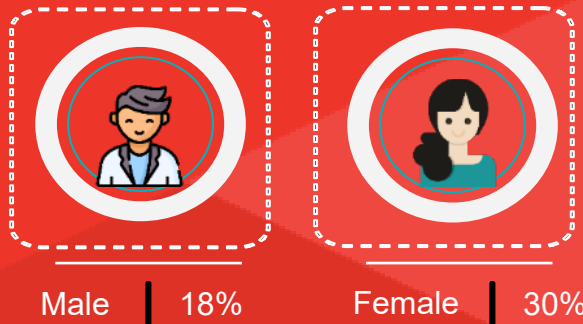


2021† (n=1027)

Younger consumers were targeted more often for gift card payment scams in 2022



A quarter of those who were asked to purchase a gift card to pay a financial obligation followed through on the request. More women than men bought the gift cards. (Base- Respondent ever asked to buy gift card=458)



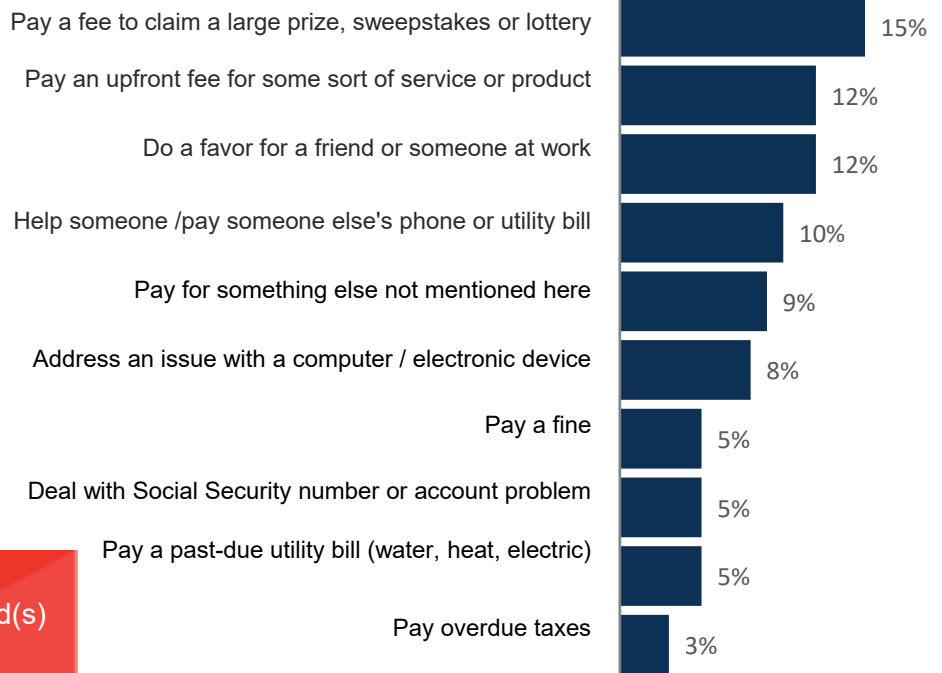
On average, consumers loaded about **\$200** on gift cards
(Base: Purchased a gift card=111)

Scammers ask consumers to pay for a variety of false financial obligations using a gift card, but topping the list are to claim a large prize, sweepstakes or lottery; pay an upfront fee for a product or service; or do a favor for a friend or someone at work. Older consumers are more likely to be affected compared to their younger counterparts, with respect to addressing an issue with an electronic device.



25% of those who bought the gift card(s) as a result of being asked to pay a financial obligation say they **were warned about possible scams**, while the **majority** say they **were not**. (Base: Purchased a gift card-111)

Common tactics with gift card as payment scams



Base: Respondent ever asked to buy a gift card- 458

† Gift Card Payment Scams: A Survey of U.S. Adults 18+ <https://www.aarp.org/research/topics/economics/info-2021/gift-card-payment-scams.html>

Nearly 1 in 4 consumers have received gift cards with no funds on them

23%

of consumers in the U.S have given or received gift cards that had no funds on them.



Younger consumers were more likely to experience zero-value gift cards than older consumers in 2022.



U.S. consumers lost up to **\$500** with an empty gift card

The average loss was:

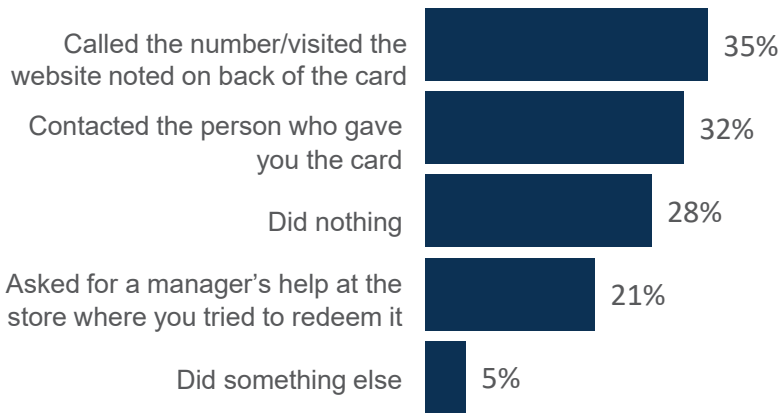
\$140

...,and the median loss was: \$50

Base: Given or received gift card with no funds- 18-49-343, 50-plus -151

Consumers took action on zero-value gift cards

84% took at least one step to resolve their empty gift card issue



Just **over a third** of consumers called the number/visited the website on the back of the gift card when they noticed no funds on their card. More than a quarter say they did nothing at all.

Base: Given or received gift card with no funds- 493

More than half of buyers and receivers of empty gift cards were told “no refund”

And this was told to more consumers ages 18 to 49 than those ages 50 and older (18-49: 57%; 50 and older: 46%). One in five consumers was able to get a refund or store credit from the card issuer (19%) or the retailer (18%).

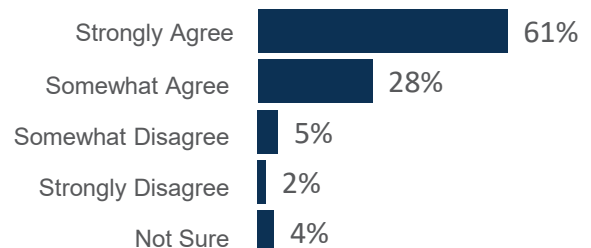
Base: Given or received gift card with no funds- 493

54%
No refund or credit was possible



88% of all consumers agree that

lawmakers need to do more to protect consumers from fraud and scams, with six in ten saying they ‘strongly’ agree. Adults ages 50-plus are more likely than those younger to feel this way (18-49: 54% vs 50-plus: 69%).



Base: Total Respondents -2179

Implications



Gift card scams result in financial losses for hundreds of thousands of U.S. consumers every year. Findings from this survey indicate that nearly a quarter of U.S. adults report giving or receiving a gift card with no funds on it – that’s roughly 60 million adults 18 and older. Some of that could be an error at point of sale, and some could be a customer not remembering they already used it; nonetheless the sheer volume warrants action. Moreover, about one in four adults who were contacted to buy gift cards to pay a false debt, bill or fee reported they bought the cards for this reason – that’s approximately 13 million U.S. adults ages 18 and older. Among the 50-plus, our survey results extrapolate to roughly 2 million indicating they lost the most money through gift cards to pay a false obligation.²

These key implications emerge from the results of this survey:

- With 73 million US adults experiencing fraud related to gift cards, **it is time to act**.
- Nearly all respondents agree that lawmakers need to do more to protect them from fraud and scams. These protections could be in the form of **laws and regulations that protect consumers and actions to elevate law enforcement’s focus** on arresting and prosecuting criminal perpetrators.
- The report suggests a need for retailers, payment processors, card issuers, and other industry supporters to do more to combat gift card fraud, including more **in-store interventions, employee training, point-of-sale system enhancements, restoring of consumer losses, and data analytics** to identify and stop fraudulent transactions.

Visit the AARP Fraud Watch Network at www.aarp.org/fraudwatchnetwork for news and information on the latest scams.

Methodology[†]

AARP commissioned AmeriSpeak Omnibus to conduct this survey. It was fielded from January 27-31 and February 18-22, 2022 among n=2,179 adults ages 18 and older, Data are weighted to national census benchmarks and balanced by gender, age, education, race/ethnicity, region. The Confidence Interval for the Total sample is ± 3.87%.

About AARP

AARP is the nation’s largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the nation’s largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org or follow @AARP and @AARPadvocates on social media.

² Calculated for using <https://www.census.gov/programs-surveys/popproj/data/tables.html>

[†] AARP conducted a similar survey in 2021 of 1,027 respondents ages 18 and older, also using the AmeriSpeak Omnibus. Details can be found at: <https://www.aarp.org/research/topics/economics/info-2021/gift-card-payment-scams.html>



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Go to www.aarp.org/giftcardsurvey2022 for full methodology report and topline survey.