Millennial Money: You're an online fraud target — fight back

By Sean Pyles
NerdWallet

Millennials grew up online. From making their first screen names with America Online in the '90s and poking around chatrooms, to using HTML to customize their Myspace pages in high school, and now curating their Instagram feeds, navigating the internet is second nature to these digital natives.

But this ever-online generation may be uniquely positioned as targets of internet scams.

Millennials are 25% more likely to report losing money to fraud than those over 40, according to an October 2019 report by the Federal Trade Commission. The report also found this age group:

Was twice as likely to report falling victim to shopping fraud.

Reported getting bested by business and debt relief scams in greater numbers.

Was 77% more likely than older consumers to report losing money to a scam that started over email.

While millennials are more likely to report this kind of fraud, the tools to prevent and recover from such scams apply to consumers of any age.

Be skeptical about social media shopping

It's become a meme of its own: "What it looks like online versus what you get when it arrives." That dress or pair of sneakers may look good online, but when it arrives, the dress looks like a dishrag and the sneakers are held together with hot glue.

Millennials are twice as likely to report losing money to items that are different from what they expected or that never show up, compared to those over 40. This all-too-common occurrence might seem like the cost of doing business online, but it's actually a form of online shopping fraud.

Misleading ads in social media feeds and for online-only stores may be to blame for more frequent reports of shopping fraud, said Charity Lacey, vice president of communications at Identity Theft Resource Center, a nonprofit organization that helps consumers recover from identity theft.

Lacey warned consumers to exercise caution before purchasing items from any unfamiliar company they encounter online, especially if it seems like they're selling only one or a handful of products, since that can be a warning sign of a scam company. "I would liken this to the guy with the trench coat selling watches and gold chains," Lacey said.

What you can do: Vet any company before you buy from it online. Proceed with caution if the company doesn't have an address listed online, has no clear return policy and sells only the one item you saw advertised.

Use a credit card when shopping online, advised Lisa Schifferle, staff attorney at the FTC. That way, if you encounter fraud, you can take advantage of protections under the Fair Credit Billing Act, which can help you get reimbursed.

Report the fraud to your credit card company and file a complaint with the FTC as soon as you think there's a problem, Schifferle said. Gather information about the transaction, including purchase amount, vendor name and transaction date, before contacting your card issuer. This information should be on your billing statement. You may also want to request a new credit card number to protect yourself.

Beware of work scams

The saying "you have to spend money to make money" shouldn't apply to a job offer, but that's exactly the trick of some employment scammers.

The fake company offers a business opportunity of some sort, such as a work-at-home job, but says you'll have to pay a fee upfront for training or other work-related materials. Then the job never materializes, and your money is gone.

What you can do: Be wary of any organization that asks you to pay for training or a job opportunity that seems too good to be true. Report scams to the FTC.

Doubt debt relief offers

Millennials are notoriously debt-saddled, so it might not be surprising that this generation also reports more instances of falling victim to debt relief scams. In fact, millennials were 86% more likely to report losing money to debt relief scams compared to those over 40.

Some scams work by having you pay an upfront fee for their services — and then never deliver on their promise. Know that it's illegal for a company to charge upfront fees in this way.

Be wary of companies that offer debt help that seems too good to be true. "If (the company) promises to get rid of all your debt, or if they tell you don't talk to your creditors, those are red flags," Schifferle said.

What you can do: Report any incidents of debt relief fraud to your state's attorney general.

Talk with a nonprofit credit counseling agency for debt help. These organizations offer free financial advice and can help you find legitimate ways to make your debt more manageable.

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out," they wrote Monday.

Forecasters are contending with unknowns. No one knows how long the outbreak will last, how much damage it will cause or how policymakers will respond to the threat.

"We're grasping for precedents," said Phil Levy, chief economist at the freight company Flexport who was an economic adviser in the administration of President George W. Bush.

Some look back to the SARS outbreak, which paralyzed the Chinese economy for the first few months of 2003. But the damage from SARS faded quickly: China was booming again by year's end. And the world economy emerged mostly unscathed.

But times have changed in ways that are not favorable to containing the economic damage. Back then, China was the world's workshop for cheap goods — toys and sneakers, for instance. Now, China has moved up to sophisticated machine parts and electronics like LCDs. And it accounts for about 16% of global economic output, up significantly from just 4% in 2003.

Levy said he was struck by how U.S. airlines reacted to the coronavirus: They suspended flights between the United States and mainland China for weeks — American airlines through March 27, United through March 28 and Delta until April 30.

The move doesn't just affect tourists, students and business travelers. Caryn Livingston, editor of Air Cargo World, noted that about half of air cargo has historically been transported in the bellies of passenger aircraft.

"When you see them loading those big 747s, that's not just your luggage," Levy said. "That can be pallets full of electronics and other things."

The health crisis coincides with an especially difficult time for China's factories. A 19-month trade war with the United States — in which the Trump administration imposed tariffs on $360 billion of Chinese imports — has already led U.S.-based multinational corporations to look for alternatives to Chinese suppliers. Many are moving to Vietnam or other low-wage countries to dodge President Donald Trump's taxes on Chinese-made goods.

The Trump administration and Beijing last month reached an interim trade deal. China agreed to step up purchases of U.S. imports by $200 billion this year and next. But Trump's top economic adviser, Larry Kudlow, told Fox Business Network on Tuesday that the viral outbreak means that the expected "export boom from that trade deal will take longer."

The coronavirus, along with fears that U.S.-China tensions over trade and geopolitics will persist, gives them one more reason to reduce their reliance on China. Among multinational firms, there is "increasing unease that China is starting to become quite risky," said Johan Gott, an independent consultant who specializes in political risks for businesses.

But it isn't easy to completely abandon China, where specialized suppliers cluster in manufacturing centers and make it convenient for factories to obtain parts when they need them.