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Retailers Estimate Holiday Return Fraud Will Cost Them \$3.4 Billion, According to NRF Survey

Return Fraud Loss Estimate \$8.8B For 2013

AS ONE OF THE MOST SERIOUS, and most misunderstood loss prevention issues, return fraud costs retailers billions of dollars every year. The industry will lose an estimated \$8.76 billion to return fraud this year, and \$3.39 billion during the holiday season alone. Overall, 5.8 percent of holiday returns are fraudulent, up slightly from 4.6 percent last year.

The 2013 survey of major retailers produced compelling metrics for merchant consideration:

- **94.8%** experienced the return of stolen merchandise in the last year
- **93.1%** experienced employee return fraud or collusion with external sources
- **69.0%** experienced the return of merchandise purchased with fraudulent tender
- **60.3%** experienced return fraud in connection with organized retail crime groups
- **29.3%** found criminals using counterfeit receipts to return merchandise
- **15.5%** dealt with e-receipt return fraud

"... criminals are more savvy and technologically advanced in their methods, making it even more difficult for retailers and law enforcement to keep up with the growing problem [of return fraud]."

~ RICH MELLOR
VP of Loss Prevention, National Retail Federation

The problem of return fraud has forced many retailers to adopt policies which require customers returning merchandise to show identification.

- **14.0%** of returns without a receipt are fraudulent
- **73.7%** of retailers require customers returning items without a receipt to show ID
- **12.3%** of retailers making returns with receipts require customers to show ID

When asked about the types of tender being affected, the survey reports:

- **49.1%** experienced an increase in gift cards/store merchandise credit fraud
- **26.8%** saw the fraudulent use of cash increase
- **29.1%** witnessed an increase in credit card fraud

SOURCE: **National Retail Federation**. *Return Fraud Survey 2013*. Washington, D.C. December 5, 2013.

