

America's Naughty List

How consumers bend the rules
during holiday shopping

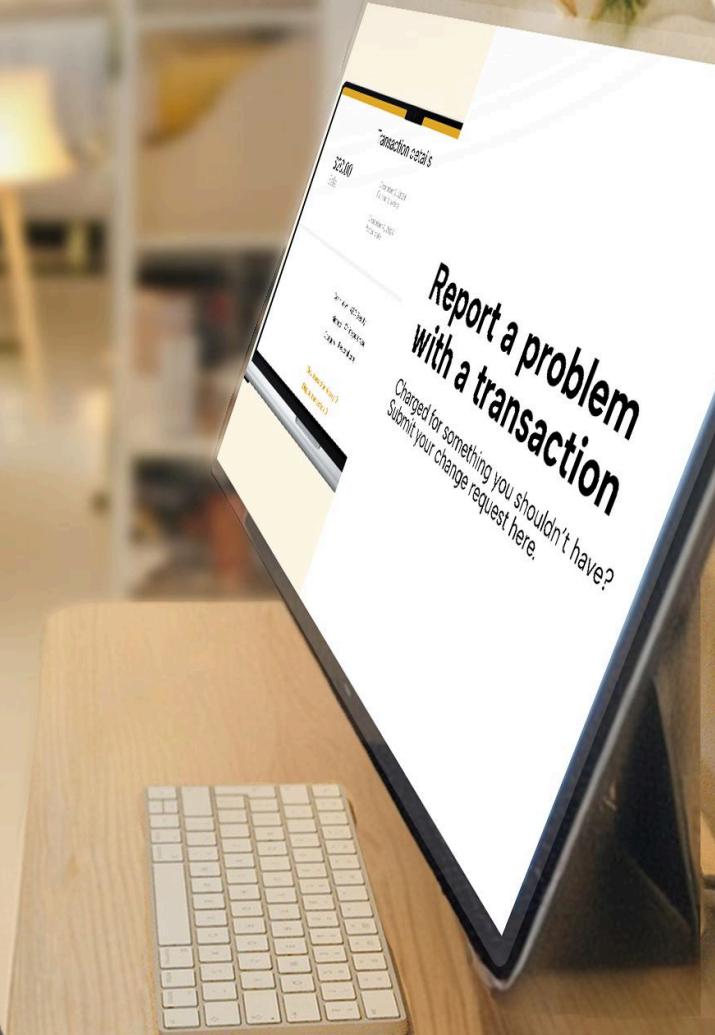


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A time for joy, generosity, and... fraud?

Imagine a shopper ordering the perfect gift, receiving it, and then claiming it never arrived. The retailer offers a refund or replacement, with few to no questions asked.

But what might seem like an isolated incident is actually part of a much larger trend: first-party fraud.

Sometimes referred to as “friendly fraud,” **first-party fraud involves individuals exploiting systems — such as return and refund policies — for financial gain.** The holiday season, with its surge in consumer spending, gift-giving pressures, and lenient return policies creates the ideal conditions for this type of fraud to thrive.

The financial toll of first-party fraud on businesses is staggering. According to a recent report from Appriss Retail and Deloitte, losses from fraudulent and abusive returns and claims topped \$103 billion in 2024.¹

Beyond these direct losses, the operational burden is just as significant.

Resolving disputes often requires extensive manual reviews. The expense and lengthy time-to-resolution, multiplied across millions of transactions, can further strain organizations already grappling with the heightened activity of the holiday rush.

According to a study from Chargebacks911 and The Strawhacker Group, **chargebacks cost retailers 3.75 times the actual transaction value** in lost revenue and merchandise, chargeback fees, higher overhead costs, and damaged relationships with card networks.²

Adding to the complexity is the rise in legitimate package theft, known as “porch piracy.” According to Capital One Shopping, Americans lost \$13.4 billion in 2024 to stolen packages nationwide, and fraudsters often exploit this trend, filing false claims to secure refunds or replacements.³

And the issue isn’t just financial: first-party fraud also erodes customer trust and strains operational efficiency — especially during peak shopping periods like Black Friday and Christmas.

These overlapping challenges highlight the urgency for businesses to act.

This report takes a closer look at the current scope of first-party fraud to uncover its drivers, risks, and seasonal patterns. By understanding these factors, businesses can navigate the unique challenges of the holiday rush and identify practical opportunities to refine fraud prevention strategies — without compromising customer relationships.

DEFINING FIRST-PARTY FRAUD:

First-party fraud involves individuals exploiting systems — such as return and refund policies — for financial gain.

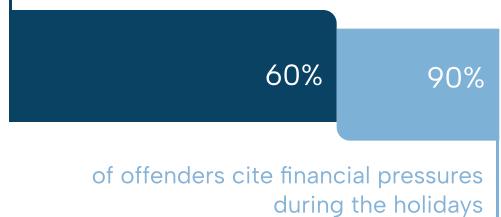
METHODOLOGY

Socure conducted this research using an online survey prepared by Method Research and distributed by PureSpectrum among n=2,000 adult U.S. consumers (age 18+) who have made a purchase in the last six months. The sample was split equally between genders, with a spread of age groups, race groups, and geographies. Data was collected from December 6 to December 13, 2024.

Key findings

Consumers justify committing fraud with economic hardship and perceived fairness

of offenders say financial struggles are the primary reason for their actions, including rising interest rates and inflation



58% of Americans never considered engaging in first-party fraud

57% of offenders rationalize their actions through perceived retailer leniency

46% of offenders believe large companies can absorb the cost

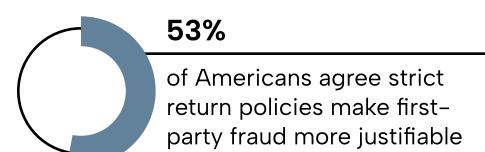


STATEMENT

Revenge fraud is real

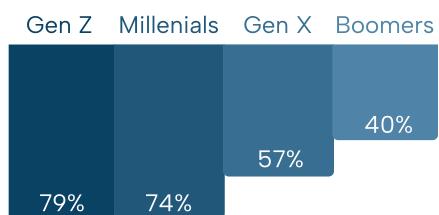
64%

of consumers are more likely to dispute other legitimate charges if a business makes a mistake on their bill

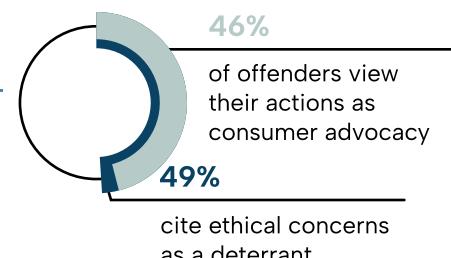
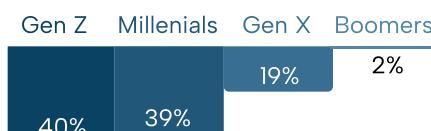


Generational and behavioral divides highlight the complexity of first-party fraud

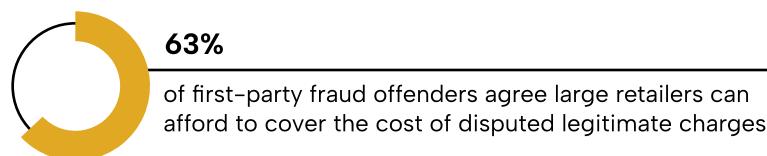
Disputed charges in 2024



First-party fraud committed during the 2024 holidays



Consumers dismiss first-party fraud

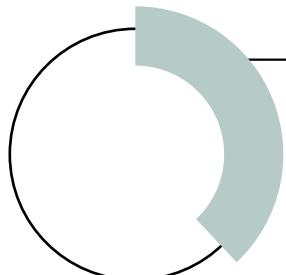


1 in 6 offenses exceeds \$500

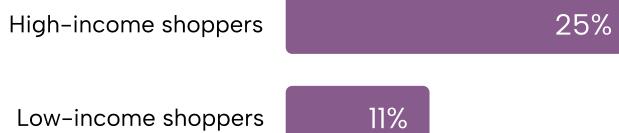
1 in 4 first-party fraud offenders feel no regret

1 in 5 Americans believe there are no consequences for holiday fraud

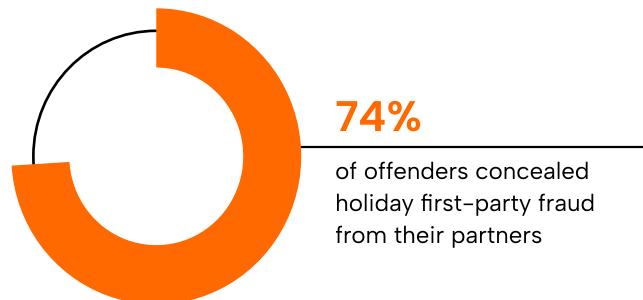
The holidays make first-party fraud more tempting — and concealable



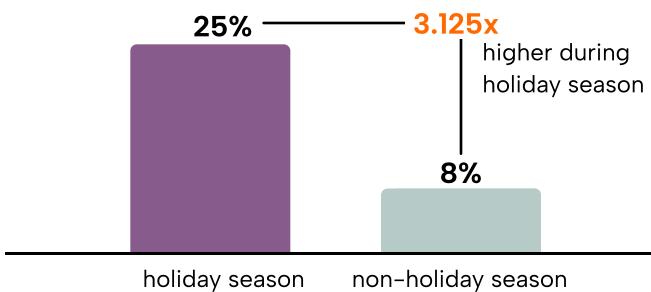
High-income shoppers are twice as likely as low-income shoppers to engage in fraudulent behaviors during the holidays



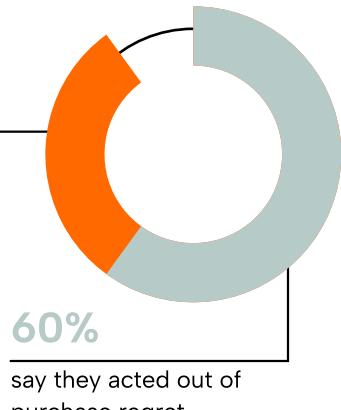
Gift-giving pressures make consumers
27% more likely to commit first-party fraud during the holidays



Fake “porch pirate” incidents are another seasonal trend, increasing over threefold during the holidays



90%
of holiday first-party fraud offenders cite economic pressures as their reason



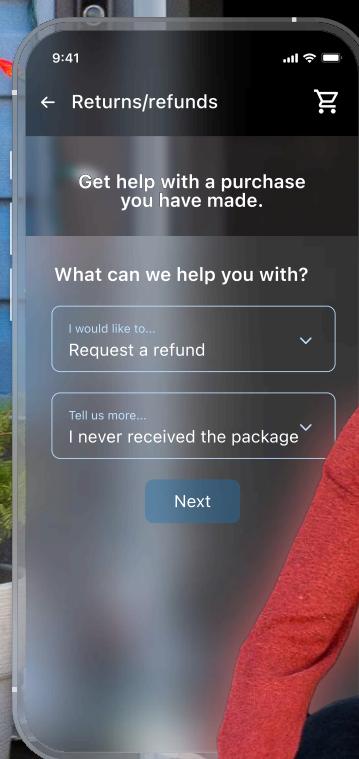
Nearly half of consumers believe companies are more lenient with disputed charges during the holidays

49%
of offenders admitting to disputing legitimate transactions simply because they had gotten away with it before

Data and analysis

Comparing the results of Socure's 2024 first-party fraud survey to 2023 reveals consistency in first-party fraud trends, though financial impacts provide a clearer picture.

One in six (17%) of first-party fraud offenses in 2024 involved amounts over \$500, and 59% of all incidents exceeded \$100. While the percentage of Americans admitting to committing first-party fraud (34%) and knowing someone who has (39%) remained consistent year-over-year, the data highlights the sustained prevalence of economic and behavioral drivers.



Quantifying first-party fraud losses



Results by industry



Banking and Credit
remains the most impacted industry

9%

of disputed transactions

11%

unpaid credit card bills



eCommerce
sees a significant portion of
fraudulent refund claims and false
package reports

11%

of survey respondents admitting to
these actions



**Buy Now, Pay Later (BNPL)
and Personal Loans**
show notable misuse as well

8-10%

of respondents admitting to
fraudulent activity

Each of these fraudulent activities has been committed more than twice.

From economic woes to buyers revenge: The why behind first-party fraud

Behind every fraudulent transaction lies a complex web of financial pressures and psychological triggers that transform everyday consumers into fraud perpetrators.

of offenders cited financial hardship
(i.e. inflation, rising cost) as main driver

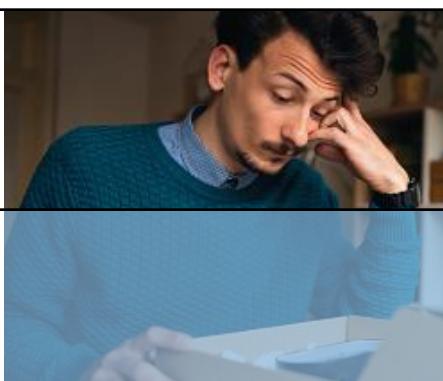
60%

of offenders committed first-party fraud
because it's easy to get away with

40%

Purchase regret played a significant role:

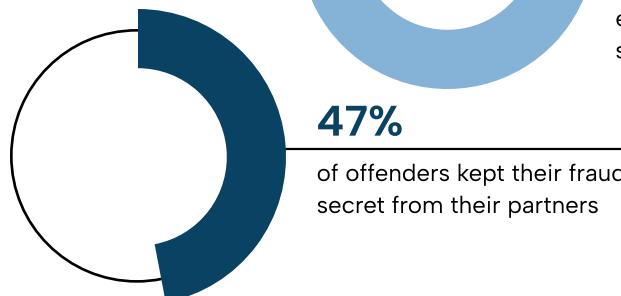
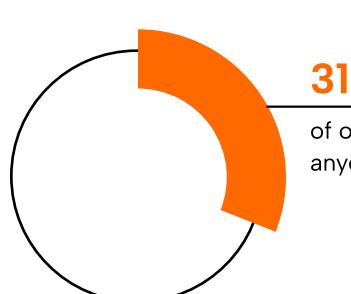
91%
of offenders
reported
purchase regret



43%
took fraudulent
action, such
as disputing
legitimate charges

The private world of first-party fraud

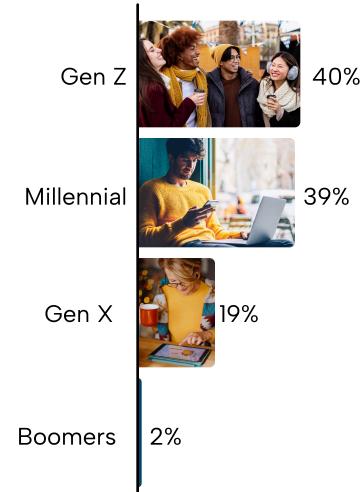
While first-party fraud may seem like a victimless crime to perpetrators, its pattern of secrecy tells a different story — one of guilt, shame, and calculated concealment from those closest to them.



Generational trends

A generational fault line has emerged in first-party fraud, with younger consumers not only more likely to commit fraud, but also more willing to justify it.

First-party fraud committed in 2024



Disputed payment charges in 2024



49%

of Americans cite ethical concerns as a deterrent



with Gen X and Boomers more likely to cite this as a primary reason for avoiding first-party fraud

The holiday effect: Understanding seasonal spikes in first-party fraud

Holiday shopping pressures can intensify the appeal of first-party fraud, transforming seasonal financial stress into calculated consumer behavior.

90%

cited financial reasons, including inflation, personal financial struggles, and credit card interest rates



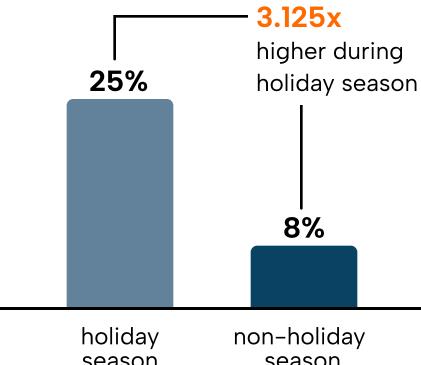
"Porch pirate" claims tripled during holiday purchases

of respondents repeated first-party fraud because they succeeded in 2023

49%

of holiday offenders cited purchase regret

60%



'Tis the season for first-party fraud — and the season to fight it

Our first-party fraud survey reveals a troubling reality: holiday shopping has become a prime time for fraud, driven by financial pressures, lenient policies, and normalized behaviors. Nearly 40% of Gen Z and 39% of Millennials admitted to engaging in first-party fraud over the holidays. Fraudulent "porch pirate" claims, chargebacks, and disputed transactions collectively cost businesses billions each year.

But fraud isn't just a financial issue — it also erodes trust, strains customer relationships, and burdens operations. And with 49% of holiday first-party fraud offenders admitting they repeated it because they "got away with it" last year, it's clear the cycle will continue without stronger deterrents.

The surge in consumer activity during the holiday season calls for a transformative approach to first-party fraud prevention. By harnessing AI-driven technologies and real-time data sharing, businesses can address the root causes of fraud — from purchase regret to financial hardship — while safeguarding their revenues. This sophisticated defense strategy, built on cross-industry collaboration and predictive insights, positions businesses to not only protect their operations during peak seasons but to build enduring customer relationships founded on mutual trust and transparency.

Socure's **Sigma First-Party Fraud** solution combines the industry's largest cross-industry consortium data with advanced AI analytics to stop repeat abusers and prevent financial losses at scale.

By delivering real-time risk signals and alerts across the entire customer journey, Socure helps organizations protect their bottom line while maintaining seamless experiences for legitimate customers.

Socure's First-Party Fraud Consortium unifies organizations to take on this complex challenge by pooling data and insights.

20B+
Transactions contributed

325M+
Accounts contributed

190M+
Identities contributed

121M+
Unique identities contributed

See how Socure can help solve for first-party fraud.

[Learn more →](#)

Citations

1. Appriss Retail. (2024). [2024 consumer returns report](#).
2. Eaton, M. (2023). [The flywheel effect of chargebacks cost US merchants USD 243B in 2023](#). The Paypers.
3. Capital One Shopping. (2023). [Package theft statistics](#).

Socure is the leading provider of digital identity verification and fraud prevention solutions, trusted by the largest enterprises and government agencies to build trust and mitigate risk. Leveraging AI and machine learning, Socure's industry-leading platform achieves the highest accuracy, automation and capture rates in the industry. With the acquisition of Effectiv, Socure expands its capabilities to offer end-to-end identity fraud and payment risk management, integrating advanced transaction monitoring, credit underwriting and know-your-business (KYB) solutions into its platform.

Serving more than 2,700 customers across financial services, government, gaming, healthcare, telecom, and e-commerce, Socure's customer base includes 18 of the top 20 banks, the largest HR payroll providers, the largest sportsbook operators, 27 state agencies, four federal agencies, and more than 500 fintechs. Leading organizations including Capital One, Citi, Chime, SoFi, Green Dot, Robinhood, Dave, Gusto, Poshmark, DraftKings, PrizePicks, the State of California and many more trust Socure to deliver certainty in identity across onboarding, authentication, payments, account changes, and regulatory compliance. Learn more at [www.socure.com](#).