

## **Be On The Lookout With Holiday Season Coming**

Being told that your credit or debit card is being declined at a restaurant, in a busy checkout line, or at your favorite online retailer can be an unsettling or even scary experience. At Fraud.org, we're hearing from consumers that this awkward situation is also increasingly happening with gift cards. We've seen a spike in news reports about gift card scams, and we're warning consumers to be on the lookout, particularly with the busy holiday shopping season on the horizon.

### **How the Scam Works:**

- A typical scam scenario begins with a consumer receiving a gift card as a present from a friend, colleague, or loved one. When the recipient goes to use the card they assume is loaded with funds, the card gets declined.
- Unbeknownst to the gifter or the card recipient, before the card's purchase, a scammer had taken the card off the rack at a retail location, copied down the card number, scratched off and recorded the security codes on the back of the card, and once the card was activated, drained its funds via online purchases. In some cases, the criminals go so far as to even replace the security strip on the card to hide their tracks. Software makes checking card balances online easy for scammers, so they know when the card is activated and ready to use. The card's true owner is left with a worthless piece of plastic.
- Unfortunately, this form of fraud can be compounded when the retailer who sells the card refuses to make the victims whole. Some merchants have been known to deny consumers refunds even if the customer is able to provide the receipt and proof of activation for the gift card.

### **How to Spot this Scam:**

While detecting this scam can be very challenging, there are several steps you can take to proactively protect yourself and your gift recipient:

- Look for gift cards with substantial packaging. Gift cards that do not have security packaging - which prevents access to the actual gift cards - are easy targets for scammers. Savvy consumers should avoid purchasing these cards at all costs.
- Carefully inspect its security packaging. If there are any signs tearing or peeling or if it is not in mint condition, do not purchase it.
- If you must purchase a gift card without security packaging, carefully inspect the foil tape over the PIN. Tape that is crooked, too large, or that appears to have been reapplied are all giveaways that the card may have already been compromised.
- Consider only buying gift cards online. While gift cards that have secure packaging are better than those without, purchasing a card online reduces the chance that a card has been compromised, since scammers are unlikely to have had access to the card as they would in a public store. If you are looking for more security, take the time to order a gift card from your chosen merchant's official website.

- Keep your receipt and give it to the gift card recipient. Providing a receipt for the gift card gives the recipient some negotiation power if the gift card has been compromised, since it will show that it was properly loaded at one time.

Spotting a compromised gift card can be tricky. If you spot someone copying down numbers at store, report them to security immediately. Similarly, if you purchase a gift card that has been compromised and does not work, you can file a complaint at [Fraud.org](https://www.fraud.org) via their secure online complaint form. Your complaint will be shared with their network of law enforcement and consumer protection agency partners who can put fraudsters behind bars.

[Source: [Fraud.Org](https://www.fraud.org) |October 1, 2018]