

Fraud refers to crimes in which deceptive or false acts are committed for personal, typically financial, gain. Identity fraud is a subcategory in which personally identifying information of others (e.g., social security number, birthdate, credit card) is used to commit fraud. Although identity theft and identity fraud are often used interchangeably, not all theft of personally identifying information results in fraud. Therefore, this brief focuses on identity fraud and other, non-identity, frauds.

FAST FACTS

- **Millions of people in the US fall victim to identity theft and fraud every year, knowingly or unknowingly.** Precise estimates, however, are challenging to generate due to underreporting, the hidden nature of identity theft and fraud, and definitional issues. Recognizing victimization is especially hard if victims have not lost any money.
- According to 2017 consumer reports to the Federal Trade Commission (FTC), **the most common types of identity fraud were credit card fraud, employment/tax fraud, and utilities fraud.** According to the same reports, the most common other frauds reported were imposter scams, telephone/mobile service frauds, and prize/sweepstake/lottery scams.
- **The harms of identity fraud and other fraud include more than direct financial losses from the dollars stolen.** Victims of identity fraud can have indirect financial losses from lowered credit, legal fees, and lost employment opportunities. Non-financial harms, such as emotional and physical health problems, can affect all fraud victims.
- Fraud and identify fraud can be isolated crimes, but they also **often coincide with other victimization types** and impact the safety and recovery of victims of many other crimes. Practitioners from a range of service areas can educate and help victims respond.
- **Educational programs are the interventions most supported by research evidence in preventing identity fraud and other fraud victimization.** Services to victims of fraud include reporting and assistance hotlines and legal services. Common responses to identity fraud victims include credit and identity monitoring, insurance, and identity restoration.
- **The field needs more specialized services to address identity fraud and other fraud victims' needs**—including help navigating indirect financial harms and non-financial harms of victimization. It also needs more program evaluations to determine which services are effective.



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HOW MANY VICTIMS ARE THERE?

- **Approximately 7-10% of people in the US experience identity fraud each year.** According to the most recent estimates by Javelin, 7% of US consumers were victims of identity fraud in 2017.¹ Similarly, 2016 findings from the National Crime Victimization Survey (NCVS) show that 10% of US residents 16 years and older experienced identity theft resulting in fraud; 21% of these victims experienced multiple incidents.²
- **Looking across individuals' lifetimes, 19% of US residents (50 million people) experienced at least one incident of identity fraud,** according to the 2016 NCVS. Most victims did not know how their personally identifiable information had been stolen or who had stolen the information.
- With regard to other fraud, a national survey of US consumers found that **25 million people, or 11% of US adults, were victims of 37 million non-identity frauds** included in the 2011 Federal Trade Commission Fraud Survey.³
- However, fraud and identity fraud can be challenging to measure due to low reporting. Victims may be embarrassed to accept their victimization, the perpetrator may be a family member, they may doubt law enforcement's response, or they may not know where to report.

WHO IS AT RISK OF VICTIMIZATION?

While identity fraud and other fraud can impact people of all backgrounds and circumstances, certain traits are associated with vulnerability to subtypes of these crimes.

Age. Younger adults are among the most frequent victims of identity fraud, while older adults are at higher risk of other frauds, such as fraudulent prize promotions.⁴ Children are likely targets for identity fraud because of their clean credit histories and the lower likelihood of detection. However, the victimization of children is often missed by national surveys like the NCVS, which only captures victimization experiences of those over the age of 12.

Race. Latinx and Black people are significantly more likely to experience most common non-identity related frauds covered by the FTC's Fraud Survey.⁵ Practice evidence suggests that fraudsters target particular ethnic groups, such as Spanish-language scams targeting Latinx people or financial scams targeting Native American recipients of publicized legal settlements.

Income. Lower income individuals are susceptible to frauds such as debt relief frauds, job scams, prize scams, and weight-loss product scams.⁶ High-income individuals, on the other hand, might be more likely to become victims to identity fraud, especially in relation to use of existing accounts.⁷

INDIVIDUALS WITH LITTLE OVERSIGHT OF THEIR FINANCIAL INFORMATION MAY NOT KNOW THEY ARE VICTIMS



Other Vulnerabilities. Members of other marginalized groups sometimes become targets as a result of these statuses.

- Fraudsters may try to exploit **undocumented immigrants'** need to adjust their immigration status.
- **Victims of domestic violence** may be at risk of identity fraud by their abusers using it as a tactic of coercive control.
- **People with cognitive or developmental impairments** may be targeted due to perceptions of them as vulnerable.
- Groups that are unable to monitor financial information, like **military personnel** and **incarcerated people**, may be prone to identity fraud victimization.
- Evidence shows that risky spenders and self-reported risk takers, people with low patience, people with limited numerical skills, and consumers who have excessive debt (in comparison to their income level) are more likely to be victims of frauds included in FTC's Fraud Survey.⁸

WHAT HARMS AND CONSEQUENCES DO VICTIMS EXPERIENCE?

Victims of identity fraud and other fraud can experience a range of economic, health, legal, and social harms.

Economic Harms

- Victims often **lose money** to identity fraud and other fraud. For example, in 2017, victims lost an average of \$500 to imposter scams, the most common non-identity fraud. The average losses were highest in travel-related frauds, where the average loss was \$1,710 per victim.⁹
- Victims of housing-related frauds, such as loan modification scams, can **lose the equity of their property** and homes directly to fraudsters.
- Identity fraud victims are at risk of **damaged credit scores**, which can create challenges finding employment, opening new loan or utility accounts, and passing background checks. These challenges are augmented for victims of criminal identity theft—people whose identities are given to law enforcement or court authorities by imposters—whose false criminal record can be an additional barrier to passing important background checks.
- Identity fraud victims can spend many hours resolving these problems. According to FTC's 2006 Identity Theft Survey, 10 percent of the identity fraud victims spent at least 130 hours doing so. While the financial problems of 42 percent of identity fraud victims were resolved within a day, 3 percent were still experiencing problems 6 months later. **A rising number of victims are unable to resolve their cases within one year.**¹⁰

Legal Harms

- Identity fraud victims may experience civil suits as a result of delinquent accounts in their names.
- Victims of criminal identity theft may accrue false arrests or erroneous criminal records.

Health Harms

- Victims of identity fraud and other fraud may experience emotional responses that resemble those of survivors of violent crimes. The term “**fraud trauma syndrome**” was coined to describe these experiences.¹¹
- Practitioners believe the mental health harms of identity fraud victimization, in particular, are increased by victims' fears of revictimization and perception of heightened risk.
- Fraud victims may also experience **physical health problems** such as trouble sleeping, headaches, and fatigue.¹²
- Victims of medical identity theft—who have had an imposter use their name to receive medical services—can experience negative health outcomes as a result of mistreatment, misdiagnosis, or delayed care from their victimization.

Social Harms

- The stigma and stress of victimization can result in reputational and relationship damage for victims of all types of fraud. Some have to give up hobbies, take time off work, borrow money, or relocate to reduce expenses.

Victims of identity fraud who take longer to discover their victimization have magnified costs.¹³ **Early intervention, whenever possible, is important to minimizing the harms of identity fraud victimization;** educational campaigns are important for ensuring service providers and victims can recognize the signs and seek help early.

WHAT SERVICES ARE AVAILABLE AND DO THEY HELP VICTIMS HEAL?

Services directed towards identity fraud and other fraud victims are limited, and those that exist usually focus on repairing financial damages for identity fraud victims. Services to address the legal, emotional, and physical health needs of identity fraud victims are rarer. Likewise, there are few evaluations of the effectiveness of these interventions in helping identity fraud and other fraud victims recover and heal.

Education and Outreach as Prevention

- Addressing identity and other fraud victimizations most often takes the form of outreach and educational efforts about protecting oneself from, recognizing the signs of, and reporting the crime. Various national and state-based fraud (identity and non-identity related) **hotlines** exist to educate the public, provide an outlet for reporting, give victims advice on recovery, and connect them to services.
- **Preventive educational programs and peer outreach are among the few programs that have been evaluated.** Evaluations of these programs have shown improvements in secure online behaviors and decreased vulnerability to fraud victimization.¹⁴

Addressing Economic Harms¹⁵

- **Credit Monitoring.** Providers, usually private companies, can **monitor a person's credit** to notify them of new accounts opened in their name and lead to earlier detection (not prevention) of new account fraud. It does not protect against existing account fraud, medical identity theft, or tax fraud, and **victims of identity fraud may have access to low-cost alternatives**, like accessing the free annual credit reports from the major credit agencies.
- **Identity Monitoring**, also provided by private companies, involves a **provider monitoring sources other than credit reports**, such as arrest records, sex offender registries, change of address registries, and black-market websites, for an individual's identifying information. Although few individuals could track this information themselves, the benefits are limited, because it can be unclear to consumers how to prevent identity fraud if their information is found.

- **Identity Theft Insurance.** Insurance can **reimburse the costs of remediation of identity fraud**, such as postage and notary fees. It does not cover costs associated with medical identity theft, tax refund fraud, or many other frauds.
- **Identity Restoration** involves a service provider supporting a victim of identity fraud through **hands-on work aimed at countering the negative financial impacts of identity fraud.** This may involve helping to file reports with the police and the FTC, calling creditors, and contacting other agencies directly. Hands-on support can be crucial for victims with developmental disabilities, memory challenges, or limited English proficiency, as identity restoration can involve frequent and specific communications. Additionally, certain types of identity fraud-- like tax fraud or child identity theft-- require distinct steps to remediation, and victims of these complicated forms of identity fraud may also require identity restoration services.

Many victims of identity fraud can financially recover using **self-help materials** outlining the steps to remediation.¹⁶

Legal Services

Some victims also face legal challenges that require services to navigate the criminal or civil justice systems.

- **Civil Justice System.** The civil justice system is often a more promising venue for victims of identity fraud or other fraud to recover financially, because **victims can usually seek damages**, including non-economic damages, punitive damages, and compensatory damages. In addition to suing perpetrators of fraud in civil court, victims may also require legal assistance for record expungement or clearing, to respond to a lawsuit from debt collectors, to prepare a victim impact statement, or for other legal matters. Unfortunately, because attorney fees are not recoverable in all states for fraud cases, there is little incentive for attorneys to take on these cases. **Pro-bono legal service providers, who often have heavy caseloads, remain one of the few legal service options for most victims.**¹⁷

- **Criminal Justice System.** Few victims of fraud (including identity fraud) are made whole by the criminal justice system. Cases are rarely prosecuted, and in those that are, restitution is usually only ordered for direct losses from the crime. Even ordered restitution is not always collected. Additionally, **crime victim compensation is often limited by state statute to victims of violent crime** and therefore excludes victims of fraud. Even when statute allows for it, receiving compensation requires a police report, which some departments are uncooperative in giving out to victims of fraud.¹⁸

What Services Are Missing?

In addition to economic recovery and legal services, mental health services can be important for many victims of fraud. However, **few services and resources exist to address the specific trauma-needs of these victims.** Many victims also experience challenges to receiving services in general, due to limited identity restoration service providers, limited assistance from law enforcement and creditors, and victims' own lack of understanding or acceptance of their victimization experiences.¹⁹

WHERE DOES THE FIELD NEED TO GROW?

Practice

- Service providers need to be educated about the wide range of identity-related and other fraud types and be prepared to respond to them differently, based on characteristics of the crime and victim.
- Broadly speaking, the field needs additional interventions for fraud victims and tailoring of other interventions (i.e., mental health counseling) to respond to their needs.
- Identity fraud response services should come in the form of clear and comprehensive self-help materials, but offer long-term, comprehensive assistance to cover all identity recovery steps for high-need victimizations.

Research

Most research on identity fraud and other fraud focuses on risk factors, patterns, and economic outcomes of fraud victimization. The victim services field needs more research on these important topics, in particular:

- What are the reasons for non-reporting by individuals who know they have been victims of fraud?
- What are the state-level and regional trends in fraud victimization?
- What do we know about emerging types of frauds (such as synthetic identity theft in which multiple people's personally identifying information is used

to create new, synthetic identities; online auction frauds, and frauds in disaster regions)?

- What are the non-financial harms of identity fraud and other fraud?
- What are the impacts of education programs on victimization, revictimization, and secure behavior?
- Do legal services benefit fraud victims?

Policy

- Greater prevention is needed at the business and institutional levels, where identity theft that leads to identity fraud often occurs. This regulation could come from legislative response or industry self-regulation.
- States may need to make civil legal attorneys' fees recoverable to incentivize private attorneys to provide services to fraud victims.
- Educational campaigns on prevention and reporting responses to identity fraud and other fraud are needed for victim services providers specifically and for the general public as a whole. These should include a focus on vulnerable, underserved communities.

Overall, due to the varied nature of identity fraud and other fraud victimization, the field must develop and evaluate additional services to respond to these victims' needs.

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CVR staff thank principal authors, **Alexandra Ricks, BA**, and **Yasemin Irvin-Erickson, PhD**, for their work developing this document in collaboration with substantive experts in the field. This brief summarizes findings from a comprehensive assessment of research and practice evidence. This document was produced by the Center for Victim Research under grant number 2016-XV-GX-K006, awarded by the Office for Victims of Crime, Office of Justice Programs, U.S. Department of Justice. The opinions, findings, and conclusions or recommendations expressed in this document are those of the contributors and do not necessarily represent the official position or policies of the U.S. Department of Justice.