

Consumer Insights: Money & Investing

Confident you can detect financial fraud? Think again.

Despite 71 percent of respondents saying they are confident they can spot investment fraud, nearly two-thirds (63 percent) of consumers indicated they would invest in an opportunity with multiple red flags for investment fraud.

What we looked at and what we learned.

Financial fraud and scams cost consumers nearly \$196 billion in 2024, according to Federal Trade Commission estimates, which account for underreporting.¹ And fraud appears to be on the rise, with steady increases since 2020. Several factors may explain this trend, including new technology that enables increasingly sophisticated and far-reaching scams, as well as declining levels of financial well-being among U.S. consumers, which may increase people's susceptibility to fraud.²

To understand consumers' perceptions of fraud, their ability to detect signs of fraud, and the prevalence of fraud, we collected data from 1,004 individuals using a probability-based, mixed-mode panel in September 2025.

Despite consumers' widespread confidence in their ability to spot financial fraud, their fraud detection abilities do not appear to match this confidence. When asked if they would invest in an opportunity that contained multiple red flags for investment fraud—that is, a steady, guaranteed, risk-free, very high return over an extended period—nearly two-thirds (63 percent) of consumers indicated that they would. Although most consumers worried about losing money to fraud, only 12 percent indicated actively seeking information on financial fraud to stay informed.

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¹ Federal Trade Commission. (2025, December 1). *Protecting older consumers 2024–2025: A report of the Federal Trade Commission*.

² DeLiema, M., Li, Y., Mottola, G. (2022). Correlates of responding to and becoming victimized by fraud: Examining risk factors by scam type. *International Journal of Consumer Studies*, (47)3, pp. 1042–1059.

While financial fraud receives more attention than ever before, consumer education efforts may struggle to keep pace with the latest developments, given the rapidly evolving landscape of scams. Fortunately, consumers appear open to additional information: More than two-thirds (68 percent) indicated that they read fraud-related information when they come across it, even though they don't actively seek it out.

Nearly all consumers encounter scams—and many lose money.

Nine out of ten consumers (90 percent) said they have received suspicious communications (including emails and phone calls), while 14 percent indicated losing money to a financial fraud in the past year. Seven percent of consumers indicated they have definitely lost money due to financial fraud in the past year, and another seven percent indicated they have probably lost money. Even among those who did not indicate losing money to fraud, the vast majority (89 percent) still said they had received communications that they suspected were fraudulent.

Lower-income consumers and those with lower educational attainment experience fraud losses at twice the rate of others.

Fraud victimization rates were higher among those with lower incomes and lower educational attainment. Consumers with incomes below \$50,000 indicated losing money to fraud nearly twice as often as those making \$100,000 and more (19 percent vs. 10 percent, respectively), while those with less than a high school diploma (22 percent) indicated fraud victimization twice as often as consumers with a college degree (11 percent). Also, Black consumers more frequently indicated losing money to fraud than white consumers (22 percent vs. 11 percent, respectively).

In addition, fraud losses were more common among consumers who received suspicious communication (15 percent vs. 7 percent among those who did not receive such communication) and among those worried about losing money to fraud (25 percent vs. 10 percent among those who did not indicate such worry). Crypto owners experienced higher victimization rates (23 percent vs. 13 percent among those who do not own crypto).

Surprisingly, staying informed did not correlate with lower victimization rates: Consumers who indicated they stay informed about fraud didn't lose money any less frequently than those who do not keep up with content related to consumer fraud (15 percent vs. 12 percent, respectively). This counterintuitive finding could reflect reverse causality. Many consumers likely seek information about fraud *after* experiencing it, rather than before, which could mask any protective effect of being informed.

Many consumers fear they (or their loved ones) will lose money to fraud.

Nearly one out of three consumers (29 percent) said they worry about losing money due to fraud, and half (50 percent) said they worry that family members or close friends might lose money to fraud. Consumers aged 50 and over (33 percent), Black and Hispanic consumers (41 percent and 34 percent, respectively), and those making less than \$50,000 (36 percent) indicated worrying about fraud more than consumers under age 50 (26 percent), white consumers (25 percent), and those earning \$100,000 or more (21 percent).

Over half of consumers (52 percent) who lost money to fraud in the past year indicated they worry about future fraud-related money losses. Additionally, 89 percent of those who indicated they worry about becoming fraud victims themselves also tended to worry about their friends and family being victimized. Investors expressed less personal concern about losing money to fraud than non-investors (23 percent vs. 36 percent, respectively). See the appendix for information on how we defined investors.

Consumers estimate nearly half of adults lose money to financial fraud each year.

We asked respondents what percentage of U.S. adults lose money to financial fraud or scams each year. On average, respondents estimated the victimization rate to be 46 percent—more than three times the 14 percent victimization rate we found in the study. Although some of this difference is likely attributable to underreporting, perceptions of fraud prevalence also could be inflated by the availability heuristic (a mental shortcut that confuses the likelihood of an event happening with how readily an example might come to mind). Increased exposure to fraud-related media content can make instances of fraud more salient and easier to recall, leading consumers to overestimate its prevalence.

Figure 1. Perception of fraud prevalence survey question.

What percentage of adults in the United States lose money each year due to a financial fraud or scam? Please use the slider to make your best estimate, then click submit.

0% 100%

When evaluating an investment opportunity, most fail to detect the red flags of investment fraud.

As part of the study, we asked respondents whether they would invest in a hypothetical opportunity offering “a guaranteed, risk-free 25% annual return every year for the next 5 years” (see Figure 2 for question). Given that legitimate investments cannot be risk-free or promise consistently high returns over a lengthy period, this hypothetical investment has multiple hallmarks of fraud. Despite these “red flags” of investment fraud, 21 percent of respondents indicated they would definitely invest, and another 42 percent said they would probably invest, meaning nearly two-thirds (63 percent) would likely lose money to this fraudulent scheme.

Figure 2. Hypothetical investment opportunity survey question.

If you heard about an investment opportunity that promises a guaranteed, risk-free 25% annual return every year for the next 5 years, would you invest in it?

1. Definitely yes
2. Probably yes
3. Probably no
4. Definitely no
5. Don't know

1, 2 = coded as NOT able to detect the investment red flags
3, 4 = coded as able to detect the investment red flags

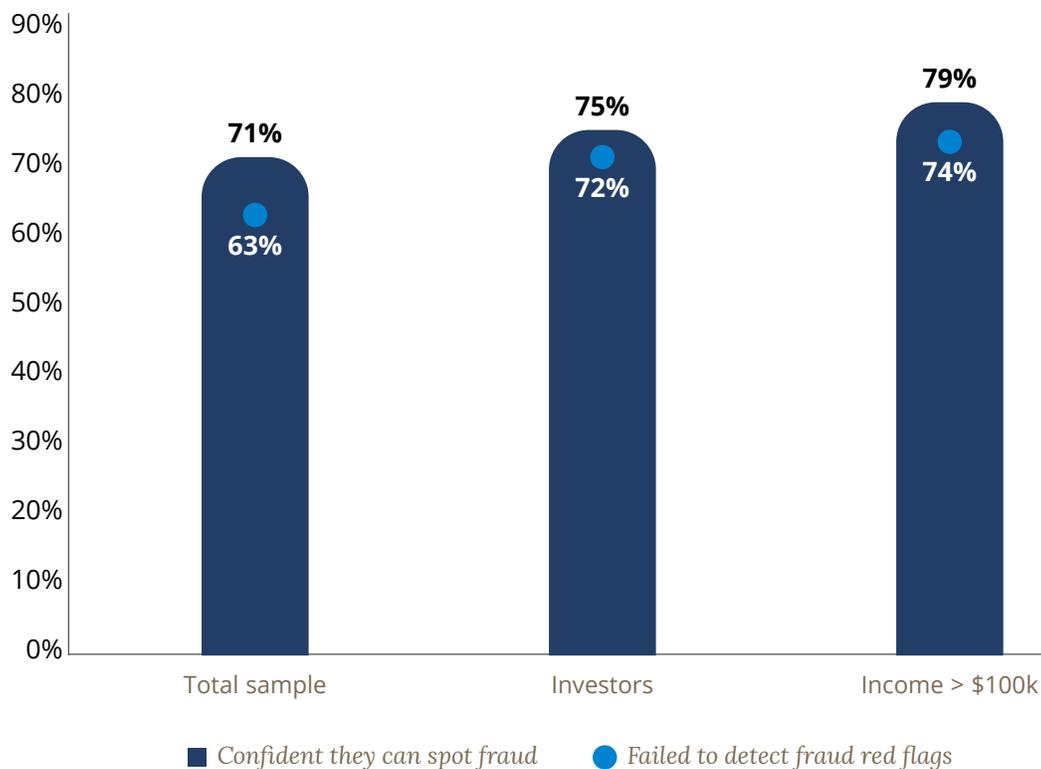
Consumers earning over \$100,000 annually (74 percent vs. 58 percent earning under \$50,000) as well as investors (72 percent vs. 52 percent of non-investors) more often missed the red flags, indicating they would definitely or probably invest in the “opportunity.” Meanwhile, older consumers were better at detecting the red flags of fraud, with relatively fewer of those 50 and over indicating interest in the “opportunity” (59 percent vs. 67 percent among those under age 50).

Most consumers are confident in their fraud detection skills, yet this confidence does not match their actual ability to detect investment red flags.

Nearly three-quarters (71 percent) of consumers indicated they were highly confident in their ability to detect financial fraud. Those who actually lost money to fraud were relatively less confident in their fraud-detection ability (42 percent vs. 76 percent among those who had not experienced a fraud-related financial loss), as were Black respondents (63 percent vs. 74 percent of white consumers). Despite showing no significant difference from men in their ability to detect the red flags of investment fraud (61 percent vs. 65 percent, respectively), women were less confident in their fraud-detection ability than men (66 percent vs. 75 percent, respectively).

Unfortunately, consumers' confidence seems misplaced, given the large percentage of consumers unable to detect the red flags of an investment scam (63 percent). In fact, groups most confident in their fraud-detection abilities were among the least likely to detect the investment fraud. Among these overconfident groups were investors, of whom 75 percent indicated they were highly confident in detecting fraud despite 72 percent indicating they would definitely or probably invest in a fraudulent hypothetical investment. Higher-income consumers showed the same pattern: 79 percent were highly confident, yet 74 percent missed the investment fraud red flags.

Figure 3. Percent confident they could detect fraud and percent who failed to detect fraud red flags, by select group.



Most consumers don't actively look for information on financial fraud, but many engage with such information when they come across it.

Staying informed about fraud and scam topics may be beneficial in detecting fraud.³ When asked if they kept up on the latest information about financial fraud and scams, very few consumers (12 percent) said they actively looked for such information. However, most (68 percent) indicated they consumed information about financial fraud and scams when they came across it. Still, one in five (20 percent) said they don't keep up with information about fraud at all.

Figure 4. Fraud information usage.



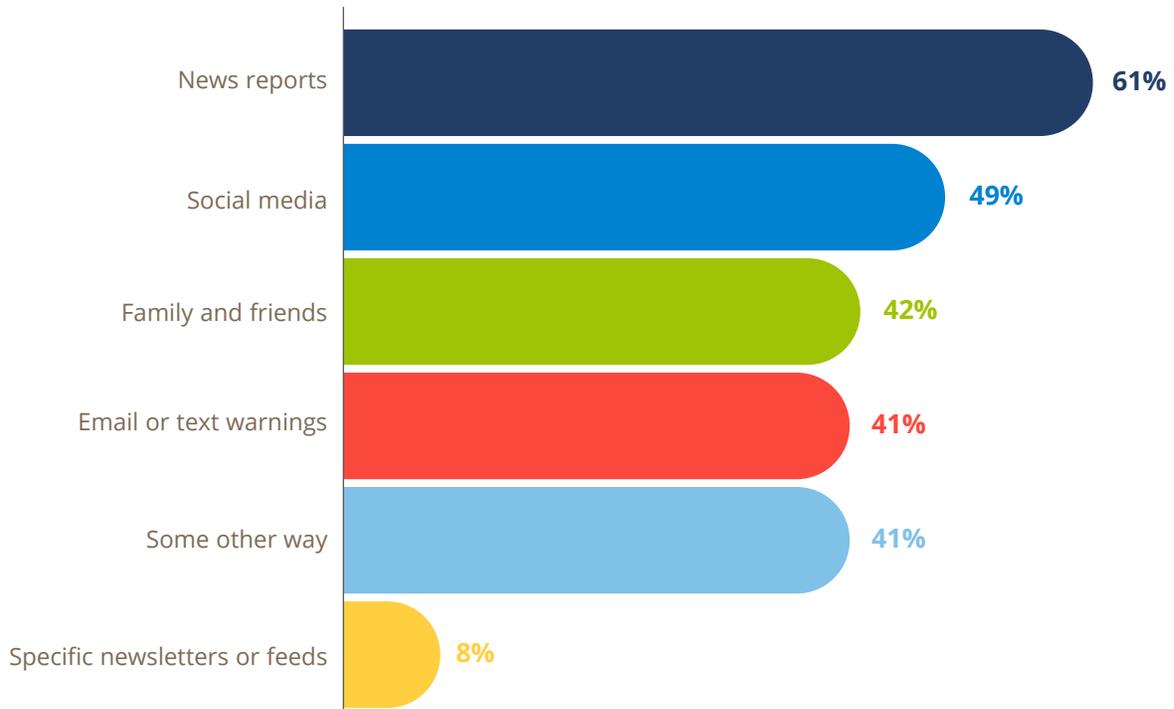
Consumers aged 50 and over (87 percent) indicated they stay informed about fraud—either actively or passively—more often than younger consumers (75 percent). Similarly, investors (84 percent vs. 76 percent of non-investors), those who suspected receiving fraudulent communication (81 percent vs. 71 percent among those who did not), and those worried about fraud (85 percent vs. 78 percent among those who did not worry) kept up with fraud information at higher rates than their respective counterparts.

³ DeLiema, M., Li, Y., Mottola, G. (2022). Correlates of responding to and becoming victimized by fraud: Examining risk factors by scam type. *International Journal of Consumer Studies*, (47)3, pp. 1042–1059.

Consumers get their information about financial fraud from a variety of sources.

When asked what sources they use to get information about financial fraud, most consumers indicated getting information from news reports (61 percent), followed by social media (49 percent), family and friends (42 percent), and warnings sent to them via email or text (41 percent). Very few (8 percent) indicated they subscribed to a specific newsletter or feed on the topic.

Figure 5. Percentage of consumers who say they get information about fraud from select sources.



Nearly all consumers claim they would report fraud to authorities.

About 9 in 10 consumers (89 percent) said that if they lost money to fraud, they would report the matter, though actual reporting rates are thought to be low.⁴ Notably, those who indicated losing money to fraud said they would report fraud to authorities *less often* than non-victims (85 percent vs. 90 percent, respectively). Black and Hispanic/Latino respondents also indicated they would report the fraud less often than white respondents (83 percent and 85 percent vs. 91 percent, respectively). Among those who said they would report the crime, over three-quarters (78 percent) indicated they would report it to their financial institution, and over half (55 percent) would report it to their local police department. Many said they would report the fraud to a federal agency like the Federal Bureau of Investigation (FBI) (40 percent), a consumer organization (36 percent), or a 211-community services helpline (15 percent).

⁴ Federal Trade Commission. (2024, October 18). [Protecting older consumers 2023–2024: A report of the Federal Trade Commission](#).

The main reason people would not report fraud: They do not think it would help recover their money.

A comparatively small percentage of respondents (11 percent) indicated they would *not* report fraud. When we asked these respondents why they would not report the crime, over half (51 percent) said they did not think it would help them get their money back. Others indicated they would not know how to report (37 percent), they would not want people to know that they had lost money (22 percent), or they would not want to share additional information about themselves (15 percent). Smaller proportions said they would worry about the scammer seeking retribution (9 percent) or that they would no longer be allowed to make their own financial decisions (5 percent).

Figure 6. Reasons for not reporting fraud.



Conclusion

These findings offer a number of important considerations for financial educators, policymakers, and the law enforcement and regulatory communities.

Given the proportion of respondents missing the “red flags” of investment fraud, **fraud awareness and detection education should be an integral part of financial education.** This education should encompass how to detect suspicious communications. Although receipt of suspicious communication and experiencing fraud are generally related, certain groups who more often indicated losing money to fraud (such as those with lower income or lower educational attainment) indicated receiving suspicious communication *less* often.

In addition, **information on financial fraud should meet consumers where they are.** Given that only one in 10 consumers actively seeks out information on financial fraud, educators might consider providing fraud and scam prevention information wherever and whenever the opportunity arises. If the message is readily at hand, our results suggest that most consumers will be open to that message; just don’t expect them to go looking for it. Ubiquitous serendipity—deliberately integrating fraud prevention messaging across a wide range of consumer touchpoints so that people encounter it frequently and without the need for active seeking—may be a productive communication approach.

Finally, although the vast majority of respondents in this study indicated they would report financial fraud, results here, while not causal, provide further evidence that underreporting remains a concern. Respondents who lost money to fraud were among the least likely to indicate they would report financial fraud. This study suggests that **emphasizing the benefits of reporting even if funds are not recovered** (such as preventing others from becoming victims and helping authorities identify scams and pursue the criminals committing the fraud) may lead consumers to feel that reporting is worthwhile.

Methodology

The poll of 1,004 adults was conducted September 5 – 8, 2025, using a sample drawn from SSRS's Opinion Panel, a mixed-mode, probability-based panel designed to be representative of the U.S. adult population (18+). Interviews were conducted in English (n=1,004). The weighted survey AAPOR3 response rate is 47.9 percent, and the overall cumulative AAPOR3 response rate is 2.3 percent, and the margin of sampling error for all respondents is plus or minus 3.5 percentage points (at the 95 percent confidence level). For analysis, data were weighted to be representative of the U.S. population 18 and older (by sex, age, education, race/ethnicity, and region) using 2023 Current Population Survey benchmarks. The poll and analyses were funded by the FINRA Investor Education Foundation.

About FINRA and the FINRA Foundation

The Financial Industry Regulatory Authority (FINRA) is a not-for-profit organization dedicated to investor protection and market integrity. It regulates one critical part of the securities industry—member brokerage firms doing business in the United States. FINRA, overseen by the Securities and Exchange Commission, writes rules, examines for and enforces compliance with FINRA rules and federal securities laws, registers broker-dealer personnel and offers them education and training, and informs the investing public. In addition, FINRA provides surveillance and other regulatory services for equities and options markets, as well as trade reporting and other industry utilities. FINRA also administers a dispute resolution forum for investors and brokerage firms and their registered employees. For more information, visit www.FINRA.org.

The FINRA Investor Education Foundation empowers Americans with the knowledge, skills, and tools to make sound financial decisions throughout life. The Foundation accomplishes this mission through educational programs and research that help consumers achieve their financial goals and that protect them in a complex and dynamic world. For more information about FINRA Foundation initiatives, visit www.FINRAFoundation.org.

All results, interpretations, and conclusions expressed are those of the research team alone and should not be attributed to the FINRA Investor Education Foundation, FINRA, or any of its affiliated companies.

Appendix A – Survey Questions

Q1. If you heard about an investment opportunity that promises a guaranteed, risk-free 25% annual return every year for the next 5 years, would you invest in it?

1. Definitely yes
2. Probably yes
3. Probably no
4. Definitely no
5. Don't know

1,2 = coded as NOT able to detect investment red flags

3,4 = coded as able to detect investment red flags

Separate screen: A financial fraud or scam occurs when someone intentionally gives you false information, or omits relevant information, for the purpose of taking your money. Note that being a victim of fraud is different from spending money on something legitimate and then feeling disappointed in the result, such as poor service or a product that arrived late or did not meet your expectations. The next few questions are about financial fraud.

Q2. What percentage of adults in the United States lose money each year due to a financial fraud or scam? Please use the slider to make your best estimate, then click submit.

[programming note: the slider only displayed a percentage value once a respondent interacted with it]

0% 100%

Q3. How much do you worry about losing money due to a financial fraud or scam?

1. A great deal
- 2.
- 3.
- 4.
5. Not at all

1,2 = coded as worried about fraud for themselves

3,4,5 = coded as NOT worried about fraud for themselves

Q4. How much do you worry that a family member or close friend might lose money due to a financial fraud or scam?

1. A great deal
- 2.
- 3.
- 4.
5. Not at all

1,2 = coded as worried about fraud for family or friends

3,4,5 = coded as NOT worried about fraud for family or friends

Q5. In the past year, have you received a communication of any kind (email, text message, phone call, regular mail, etc.) that you suspected was part of a financial fraud or scam?

1. Yes
2. No

Q6. In the past year, have you lost money as a result of a financial fraud or scam?

1. Definitely yes
2. Probably yes
3. Probably no
4. Definitely no

1,2 = coded as having lost money due to a fraud

3,4 = coded as NOT having lost money due to a fraud

Q7. In general, how confident are you in your ability to identify a potential financial fraud or scam before it costs you any money?

1. Not confident at all
- 2.
- 3.
- 4.
5. Extremely confident

1,2,3 = coded NOT confident

4,5 = coded as confident

Q8. If you were to lose money as a result of a financial fraud or a scam, would you report the crime?

1. Definitely yes
2. Probably yes
3. Probably no
4. Definitely no

1,2 = coded as willing to report

3,4 = coded as NOT willing to report

Q9a. [IF Q8 = 1 or 2] If you were to lose money as a result of a financial fraud or scam, how would you report the crime? Please select all that apply. [RANDOMIZE 1-5]

1. I would report the crime to a federal agency such as the FBI or the Federal Trade Commission (FTC)
2. I would report the crime to my local police department
3. I would report the crime to a consumer organization such as AARP or the Better Business Bureau
4. I would report the crime to my financial institution, such as my bank, investment firm, or credit card company
5. I would call 211 to report the crime and ask for help
6. Other: _____
7. Don't know

Q9b. [IF Q8 = 3 or 4] If you were to lose money as a result of a financial fraud or scam, why would you not report the crime? Please select all that apply. [RANDOMIZE 1-6]

1. I wouldn't know how
2. It wouldn't help me get my money back
3. I wouldn't want to share any additional information about myself
4. I wouldn't want people to know that I lost money to a fraud or scam
5. I would worry that the scammer would try to get back at me
6. I would worry that I would no longer be allowed to make my own financial decisions
7. Other: _____
8. Don't know

Q10. To what extent do you stay informed about the latest financial fraud and scams?

1. I actively look for information on financial fraud and scams to watch, read, or listen to
2. I watch, read, or listen to information on financial fraud when I see it, but I don't actively look for information on this topic
3. I don't keep up on this topic at all

1,2 = coded as keeping informed

3 = coded as NOT keeping informed

Q11. How do you stay informed about the latest financial fraud and scams? Select all that apply. [RANDOMIZE 1-5]

1. Read social media posts on the topic
2. Subscribe to a specific newsletter or newsfeed
3. Read warnings sent to me via email or text
4. Talk with family and friends
5. Read, watch, or listen to news reports
6. Other: _____

Q12. Do you own the following types of investments? [yes/no/DK for each option]

1. Individual Company Stocks
2. Cryptocurrency
3. Mutual Funds or Exchange Traded Funds
4. Company or Government Bonds
5. Options
6. CDs

1,2,3,4,5 = coded as investor