# Retailers face $103 billion losses due to fraudulent returns in 2024



In 2024, retailers in the United States faced substantial financial losses due to fraudulent returns and claims, amounting to an estimated $103 billion. This figure is highlighted in a comprehensive consumer returns report produced by Appriss Retail in collaboration with Deloitte, utilising data from the U.S. Census Bureau and projections for the fourth quarter of the year.

The report reveals that fraudulent returns constituted approximately 15% of the anticipated $685 billion in total returns throughout 2024. This culminated in returns accounting for about 13% of the overall retail sales, which reached $5.19 trillion over the past year, according to the Census Bureau. A significant portion of retailers surveyed—almost 50%—reported incidents of returned stolen merchandise, while 60% noted occurrences of “wardrobing,” where consumers purchase, use, and subsequently return items. Additionally, 55% of retailers identified returns involving items acquired through stolen credit cards, counterfeit bills, or fraudulent gift cards.

To mitigate such fraud, many retailers are adapting their return policies. The report indicates that 84% of retail executives have made adjustments to their return policies over the past year. However, these changes have not necessarily led to a decrease in returns fraud, potentially causing unintended negative effects on customer relations. “It’s clear why retailers want to limit bad actors that exhibit fraudulent and abusive returns behavior, but the reality is that they are finding stricter returns policies are not reducing the returns fraud they face,” stated Michael Osborne, CEO of Appriss Retail, highlighting the complexities involved.

Several prominent companies, including REI, Bath & Body Works, and L.L. Bean, have revised their return policies in a bid to combat excessive returns. The increasing trend of online shopping has further exacerbated the issue, as return rates from online sales were found to be significantly higher—24.5%—compared to 8.7% from in-store purchases. A separate survey conducted by Narvar surfaced that nearly 40% of consumers return at least one online item per month.

Kevin Mahoney, managing director of retail at Deloitte Consulting, noted the financial burden returns represent for retailers, particularly in light of the expanding e-commerce landscape. He advised that while implementing policies to curb returns is essential, retailers must also consider the potential impact on customer loyalty. “As retailers implement policies to address this issue, they should avoid negatively affecting customer loyalty and retention. Effective policies should reduce losses for the retailer while minimally impacting the customer experience. This approach can be crucial for long-term success,” Mahoney emphasised.

With the ongoing evolution of e-commerce, the landscape of retail returns continues to develop, prompting companies to seek balance between fraud prevention and maintaining customer satisfaction. As businesses confront these challenges, many are increasingly looking towards AI-powered, data-driven strategies to enhance their loss prevention measures and protect their bottom line.

Source: [Noah Wire Services](https://www.noahwire.com)

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