

Payment Systems Regulator



APP Fraud Survey | Full Report | August 2024

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01. Executive summary



Objectives and our approach

Ahead of the mandatory reimbursement policy coming into effect in October, PSR wanted explore the impact APP fraud has on victims in the UK.

This project sought to demonstrate the impact APP fraud has on victims in the UK.

- Identify whether experiences with APP fraud impacts trust in organisations such as the police, banks and social media companies.
- Identify whether experiences with APP fraud impacts financial confidence.

We conducted a 10-minute online survey with 1509 members of the public.

- 668 said they had experience of APP fraud, of which 484 said they had been a victim in the last 5 years.

We reached respondents in two ways:

- Through our recruitment partner, Yonder Data Solutions.
- Through an open link shared via PSR with their network.

Glossary of terms

In this report we refer to several audiences:

“All victims” – any respondent who says they have been a victim of APP fraud

“Victims in the last 5 years” – all who say they have experienced an instance of APP fraud in the last 5 years

“Victims who were reimbursed” – those who received either a partial or full reimbursement for an instance of fraud in the last 5 years

“Victims who lost over £1,000” - those who experienced an instance of fraud in the last 5 years where they lost more than £1,000
This audience has a low base size (78) and so should be treated with caution

Where comparisons between groups are statistically significant, they are marked by a green arrow where higher and a red arrow where lower.

↑ Significantly higher

↓ Significantly lower

Key findings

1

Victims of APP fraud experience harm in three key areas: to their financial lives, to their broader economic activity and to their social wellbeing. Harm to their broader economic activity and to social wellbeing is most profound.

Financial lives: Victims' trust in financial institutions and confidence in performing various behaviours is not significantly lower than those who have not experienced harm. That said, significant minorities of victims say that their confidence and trust have declined since experiencing fraud. In this context, a third (36%) say being a victim of fraud means they are hesitant about trying new ways of managing their money.

Economic activity: As with financial lives, claimed confidence in shopping online and with unfamiliar brands is not significantly lower amongst victims. However, victims perceive their confidence in these areas to have dropped since experiencing fraud. In this context, a majority feel more hesitant about shopping with unfamiliar brands and 1 in 4 say they have stopped using certain websites as a result of fraud.

Social wellbeing: Those who have experienced APP fraud describe feeling angry and embarrassed. 1 in 5 say experiencing fraud made them feel anxious and depressed and half agreed that it made them lose trust in other people.

Key findings

2

Victims are more likely to lose trust in platforms, rather than financial institutions after experiencing fraud. 41% of APP fraud victims claim to have lost trust in social media companies – four times as many as say they have lost trust in traditional banks. This may be due to 2 in 5 of those who reported fraud to the platform where the fraud took place (e.g. social media companies) feeling dissatisfied with how they handled it.

3

There are indications that the harm is greater for victims that lose more than £1,000. Almost two thirds (63%) of higher-value fraud victims feel embarrassed to talk to peers about their experience. And a quarter say that fraud had a 'significant negative impact on their finances', compared with 8% of all victims.

4

Reimbursement mitigates the impact of some, but not all harm. Those that are reimbursed report less of an impact to their social wellbeing, compared with those who weren't reimbursed. However, reimbursement makes little to no difference on confidence enacting financial behaviours. Reimbursement also leads to victims stating they have become more vigilant in the future to protect themselves.

02. Experiences of APP fraud in the last 5 years



Key findings in this section:

1.

Amongst claimed victims of APP scams in the last 5 years, falling victim to a purchase scam and losing less than £200 is most common. Around half (53%) of victims say they were reimbursed, often in full.

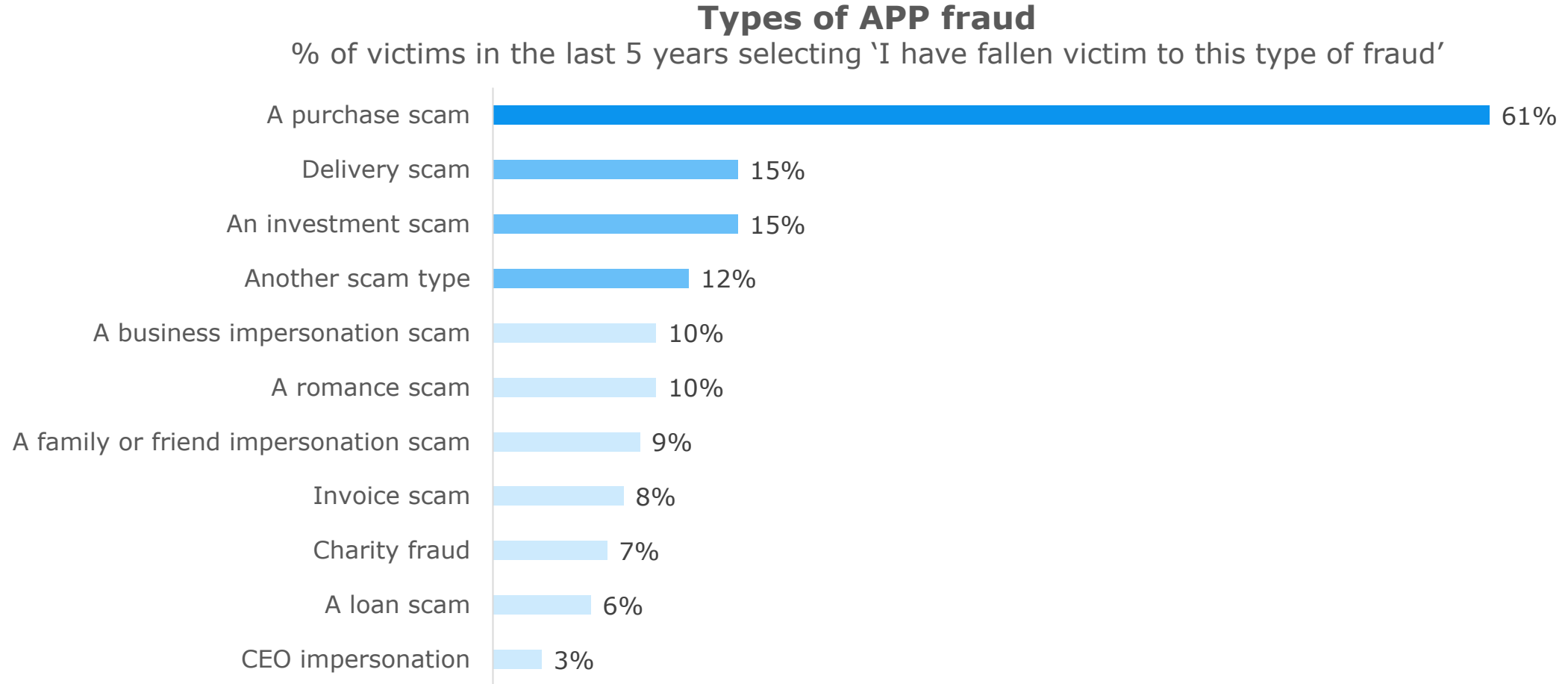
2.

The majority (75%) of victims in the last 5 years say they reported the incident, motivated by a desire to be reimbursed and/or to stop the fraudster. Banks are the most common organisation who victims report to.

3.

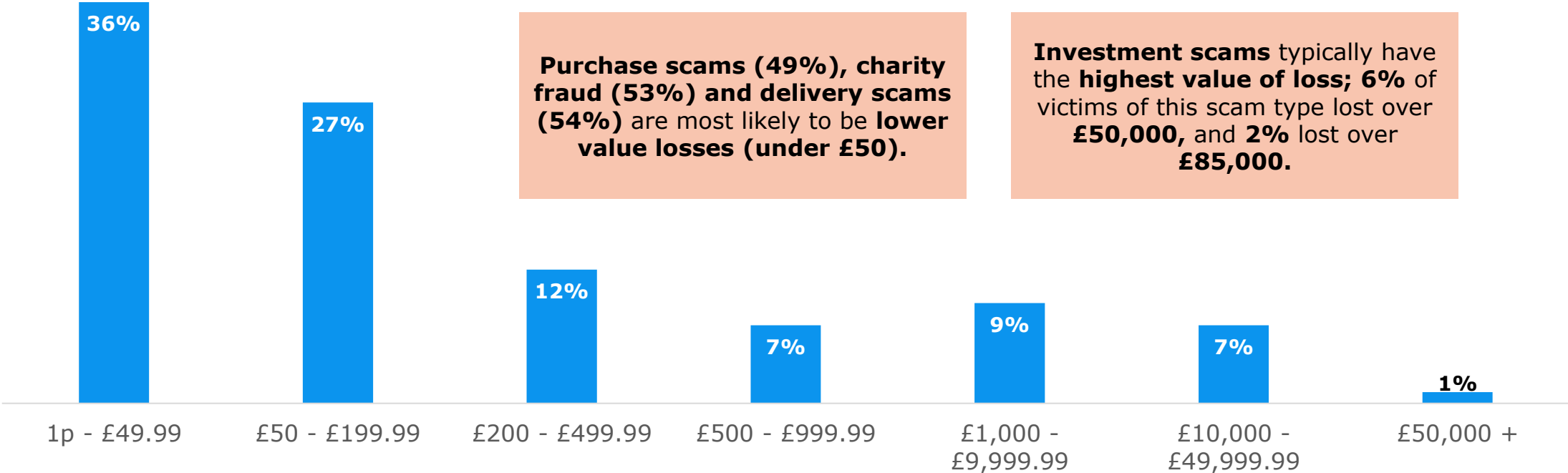
Banks are doing better than platforms when it comes to responding to reports of APP fraud. Whilst just over half (53%) of those who reported to their bank said they were 'very satisfied', 2 in 5 of those who reported to a platform said they were very dissatisfied with how it handled their report.

Amongst victims of APP fraud, falling victim to a purchase scam is most common



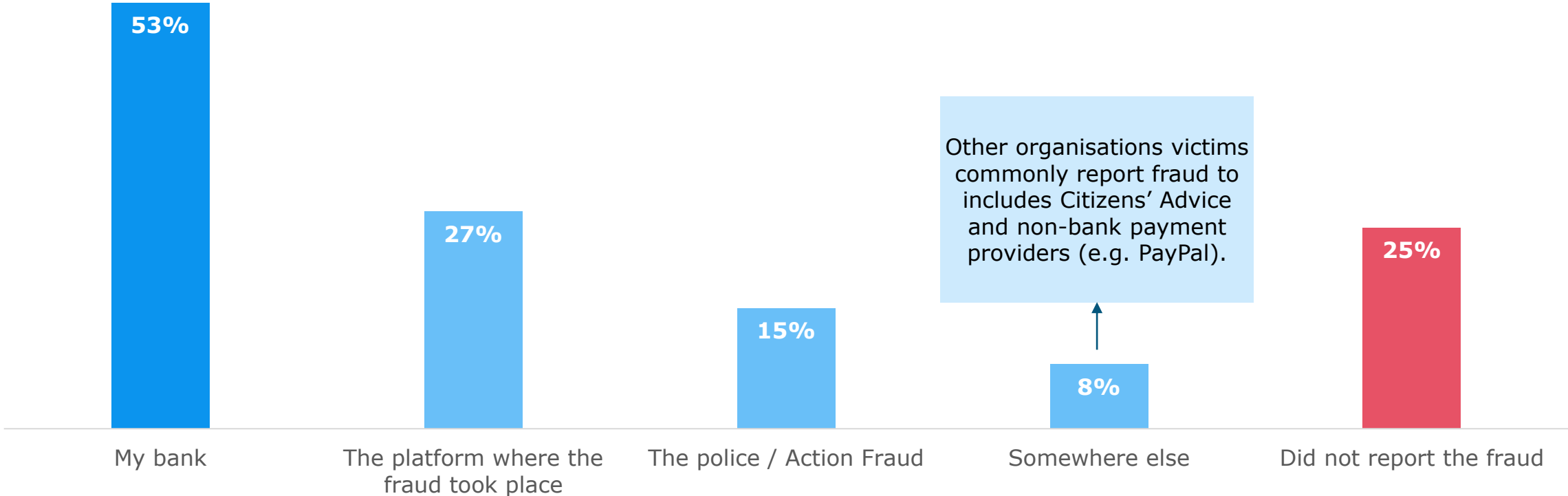
Across all incidences of APP scams reported, victims are most likely to say they lost less than £200

Amount lost to fraud
 % of victims in the last 5 years (all fraud types)



The majority of victims claim to have reported fraud, most commonly to their bank

Organisations fraud victims report incidents to
% of fraud victims who reported the incident



Motivation for reporting is based on hope of being reimbursed and to stop the fraudster



My bank

"I was worried that **they would try to withdraw more.**"

"I **wanted my money back** and for it not to happen to anyone else."



The police

"I was a victim of fraud, **a crime had been committed.**"

"To **try and track the person down** so they didn't do it to others."

"It was large amount of money I **had stolen** from me."



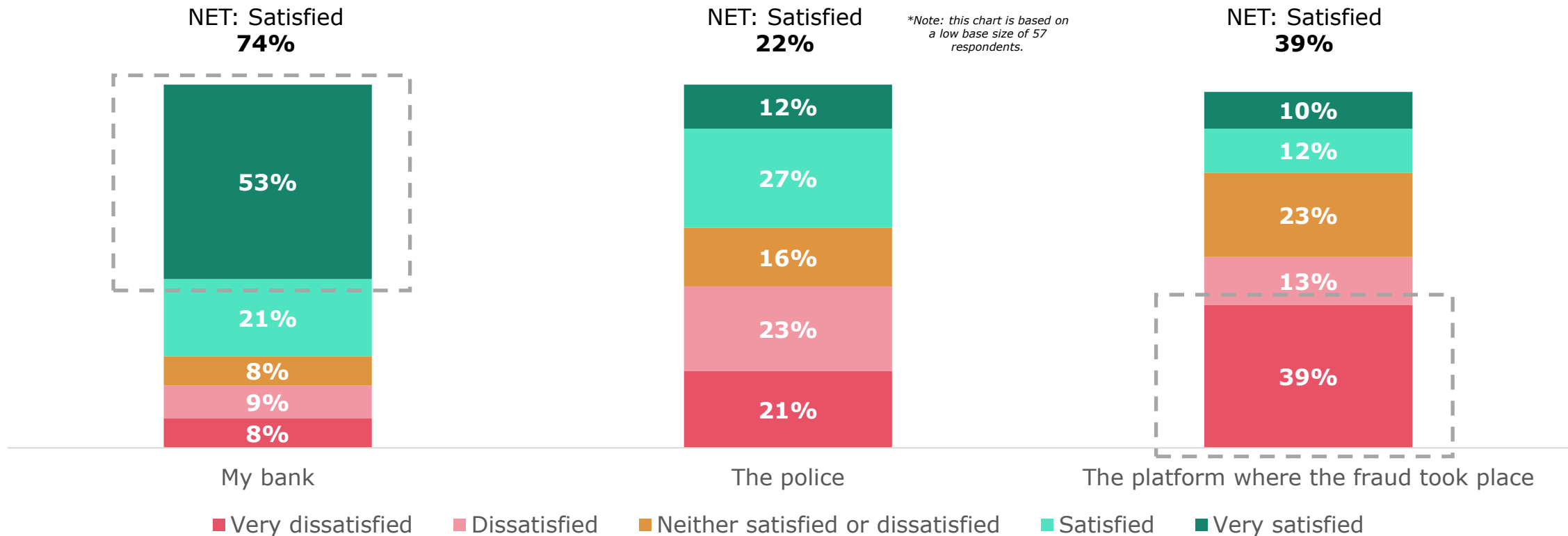
The platform where the fraud took place

"Because the fraudster was **using that site to scam others.**"

"I thought **they'd give me my money back.**"

Banks are doing better than platforms when it comes to responding to reports of APP fraud

Satisfaction with reporting experience
 % selecting this level of satisfaction for each organisation



Around half of victims have been reimbursed, most of these were reimbursed in full

53% of victims in the last 5 years say they have been reimbursed (to some extent) for an incident of fraud

41% of victims in the last 5 years say they were reimbursed in full for an incident of fraud.

03. Impact of APP fraud: overview



We have looked into the impact of APP fraud in three key areas



Financial lives

This includes impact on personal finances, confidence in financial management and planning, and trust in institutions.



Economic activity

This includes confidence using payment methods and interacting with businesses.



Social wellbeing

This includes the impact on emotional wellbeing as well as relations and trust in society.

Throughout these areas, we will be looking at the impact on non-victims, victims, higher-value (£1,000+) victims, and those who have and have not been reimbursed.

The impact of APP fraud victims at a glance

Financial lives

- **Victims and non-victims show similar levels of confidence with most financial behaviours** – particularly 'everyday' money management.
- However, **significant proportions say that they have lost confidence in certain financial management behaviours** – particularly riskier ones like using new tools and investing.
- **Reimbursement makes a modest difference to confidence and trust.**

Economic activity

- **Higher-value APP fraud victims are less confident making payments (and particularly digital payments).**
- **A third of victims (32%) say they have lost confidence in using new payment methods**, rising to 39% for those losing over £1,000.
- **The claimed impact on interactions with businesses is even more pronounced:** 48% of victims say they are now less confident to use unfamiliar retailers.
- **Reimbursement makes a modest difference** to making payments and other economic activity.

Social wellbeing

- **Significant minorities agree that experiencing fraud has had a detrimental impact** on their wellbeing, such as feeling depressed and anxious (21%) or less safe (18%).
- The impact on social trust is also pronounced: **half (49%) of victims say they trust other people less since experiencing fraud**, and 17% say they lost trust in society.
- **Reimbursement makes a significant difference, reducing these social and personal harms.**

Smaller impact

Greater impact

04. Impact of APP fraud: financial lives



Key findings in this section:

1.

Victims and non-victims show similar levels of confidence with most financial behaviours. This is particularly true for 'everyday' money management skills which the public use regularly to fulfil daily activities.

2.

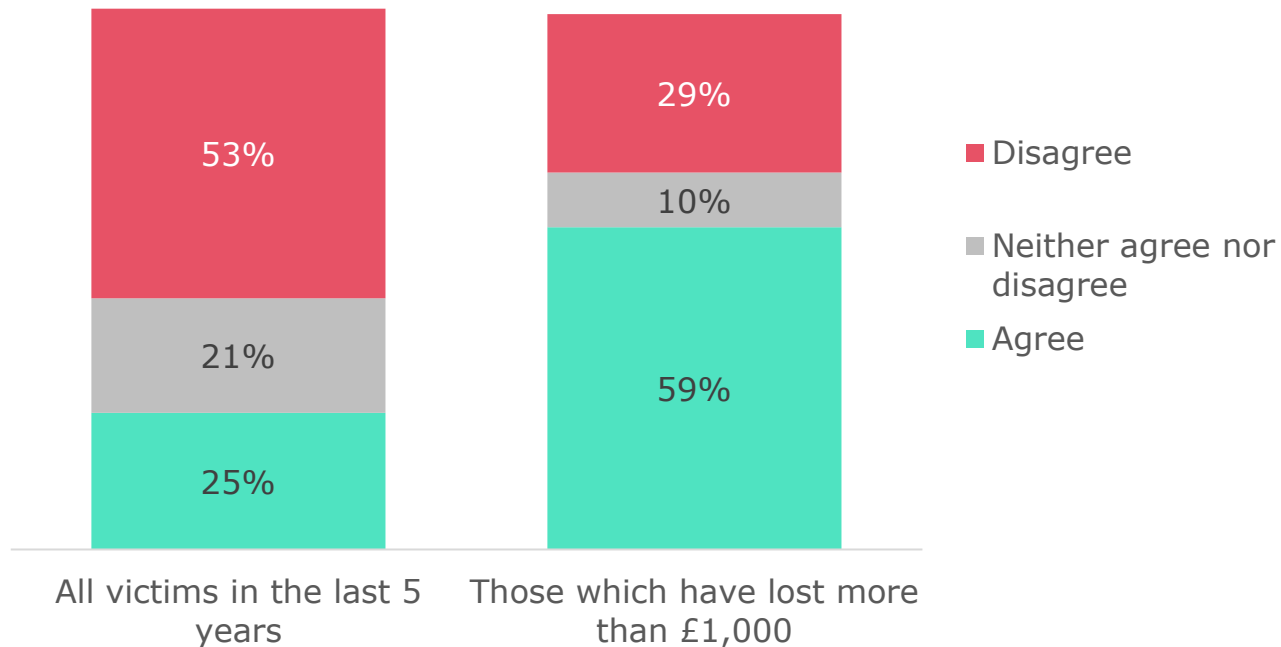
However, **significant proportions of victims say that they have lost confidence in certain financial management behaviours since experiencing fraud** - particularly riskier ones like using new tools and investing.

3.

Reimbursement makes only a modest difference to financial confidence and stated trust in institutions. However, those who are reimbursed are less likely to say they distrust financial institutions more since experiencing fraud, indicating the policy has protective qualities.

For a considerable minority, APP fraud has had a significant impact on their finances

“I am financially worse off since experiencing fraud”



27%

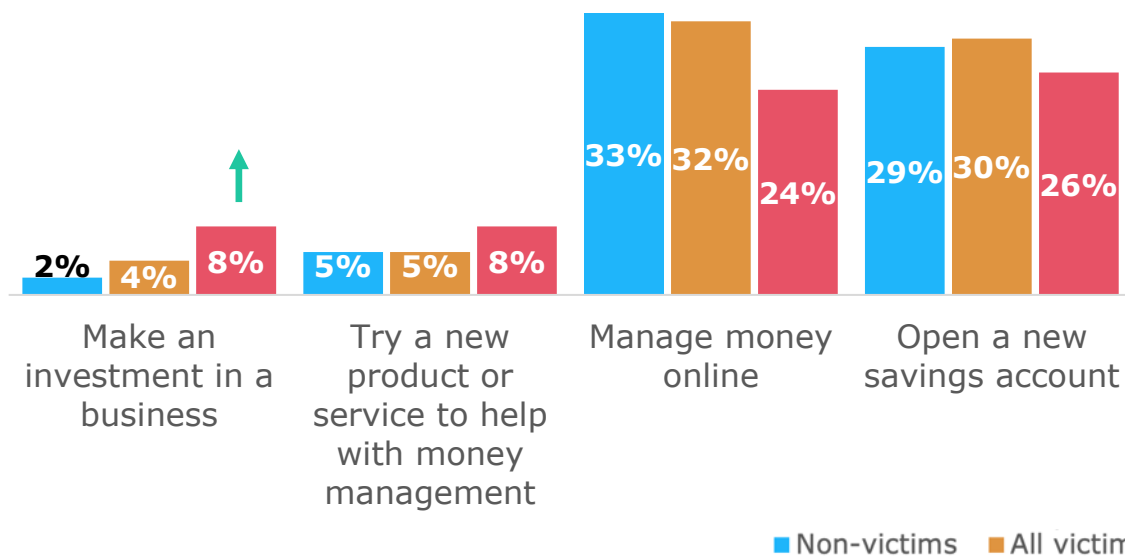
Of those who lost more than £1,000 to APP fraud in the last 5 years say that the experience 'impacted their finances significantly', compared to 8% of all victims.

This all indicates higher value APP frauds do have a more significant impact.

Victims and non-victims show similar levels of financial literacy and trust in institutions

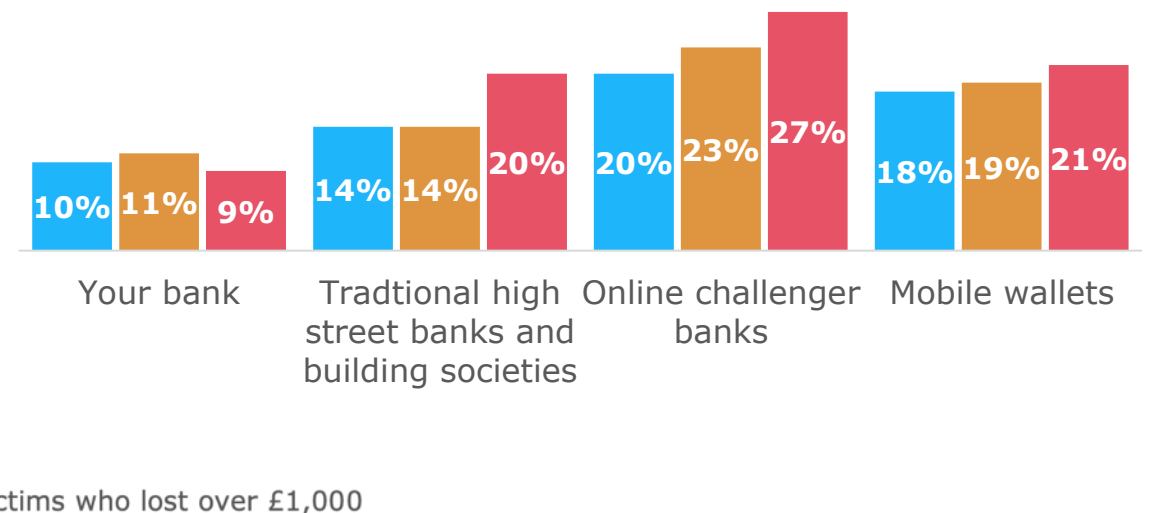
Confidence performing financial behaviours

% selecting they are 'extremely confident' in performing this activity



Distrust in financial institutions

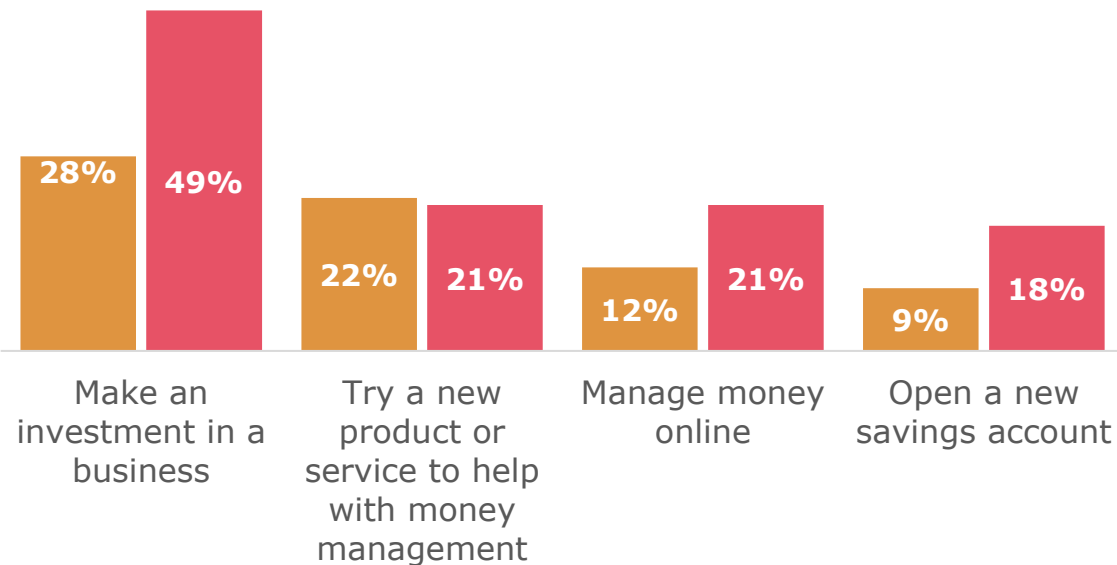
% selecting 'distrust them slightly', 'distrust them mostly' or 'distrust them completely'



But a significant minority of victims say that they have lost confidence or trust since experiencing fraud

Loss of confidence since experiencing APP fraud

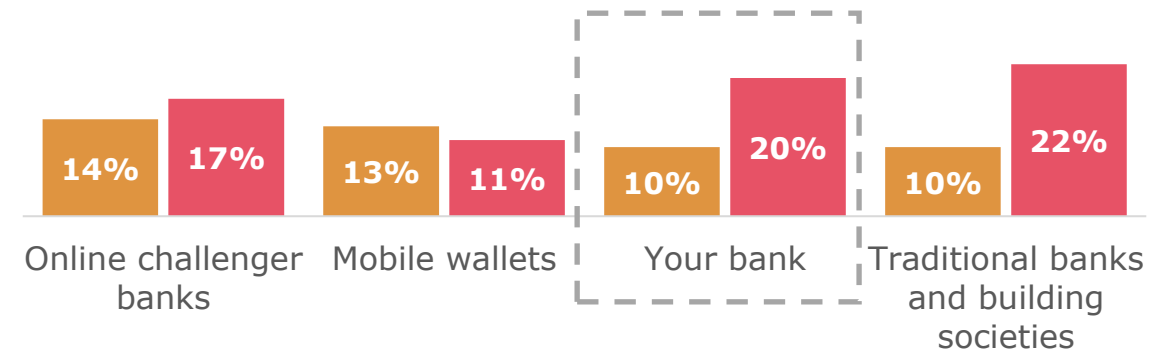
% selecting they are 'a little' or 'much' less confident



Loss of trust in financial institutions since experiencing APP fraud

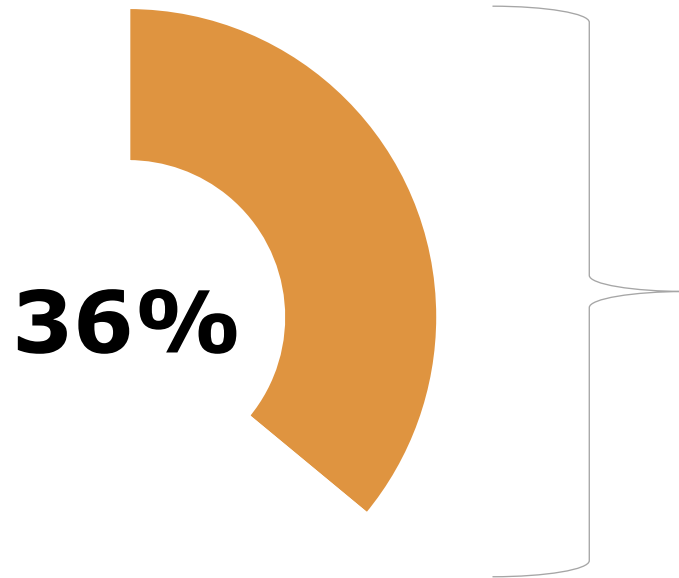
% selecting distrust 'a little' or 'a lot' more

Just 2% of APP fraud victims say that they changed banks as a result (1% of those reimbursed).



■ All victims ■ Victims who lost over £1,000

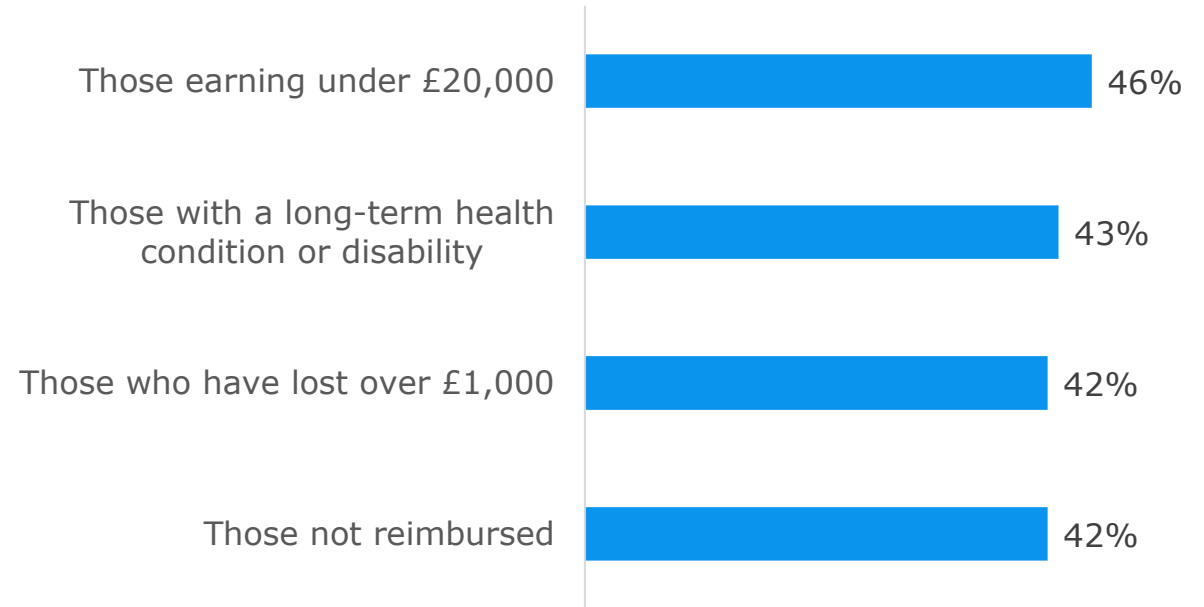
And over a third of victims say they now tend to avoid new money management approaches



of all victims agree that 'I tend to avoid trying new things when it comes to managing my money since experiencing fraud'

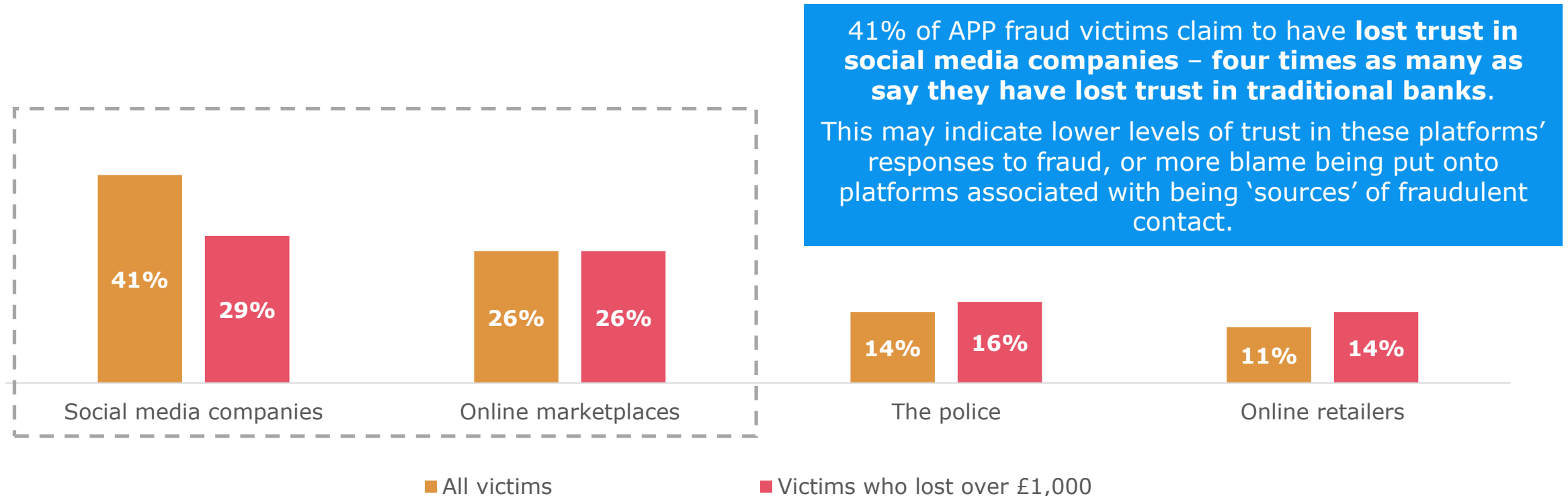
Victims with characteristics which may make them more vulnerable, such as being on a low income or having a long-term health condition, are more likely to agree.

% who agree amongst subgroups



In comparison, loss of trust is more pronounced for social media companies and online marketplaces

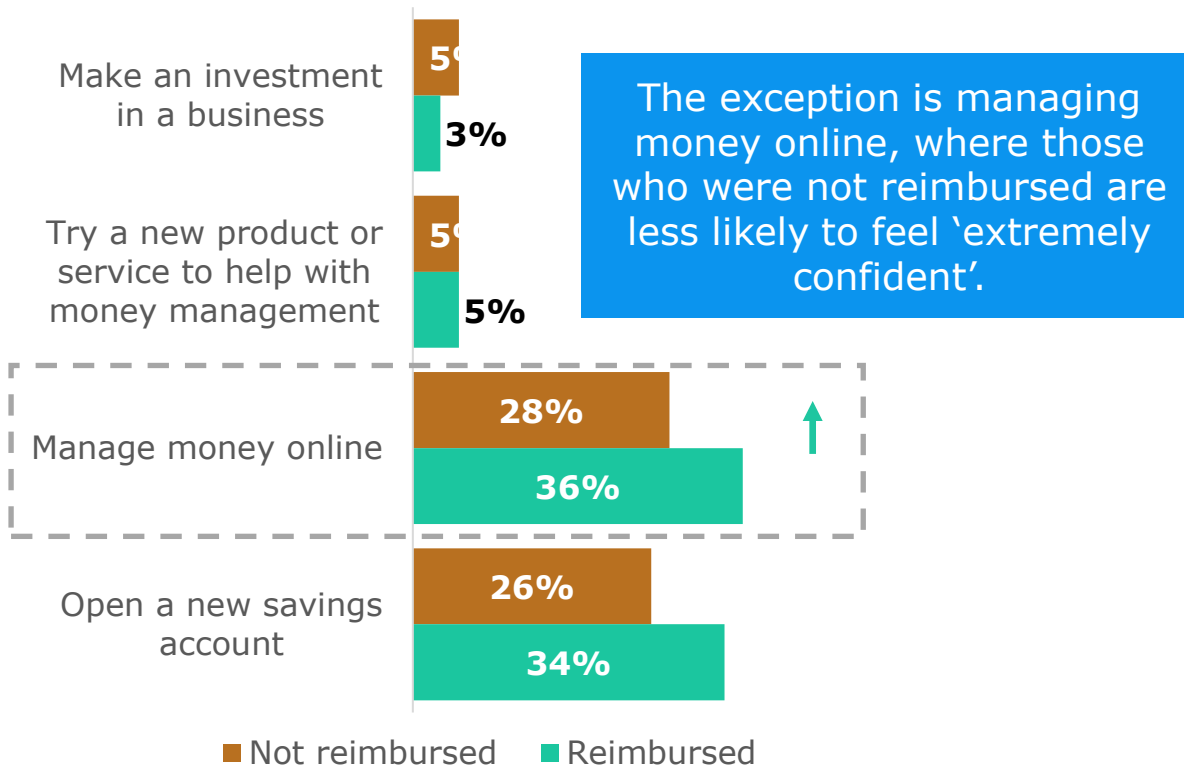
Loss of trust in other institutions since experiencing APP fraud
% selecting distrust 'a little' or 'a lot' more



Reimbursement makes little difference to financial confidence

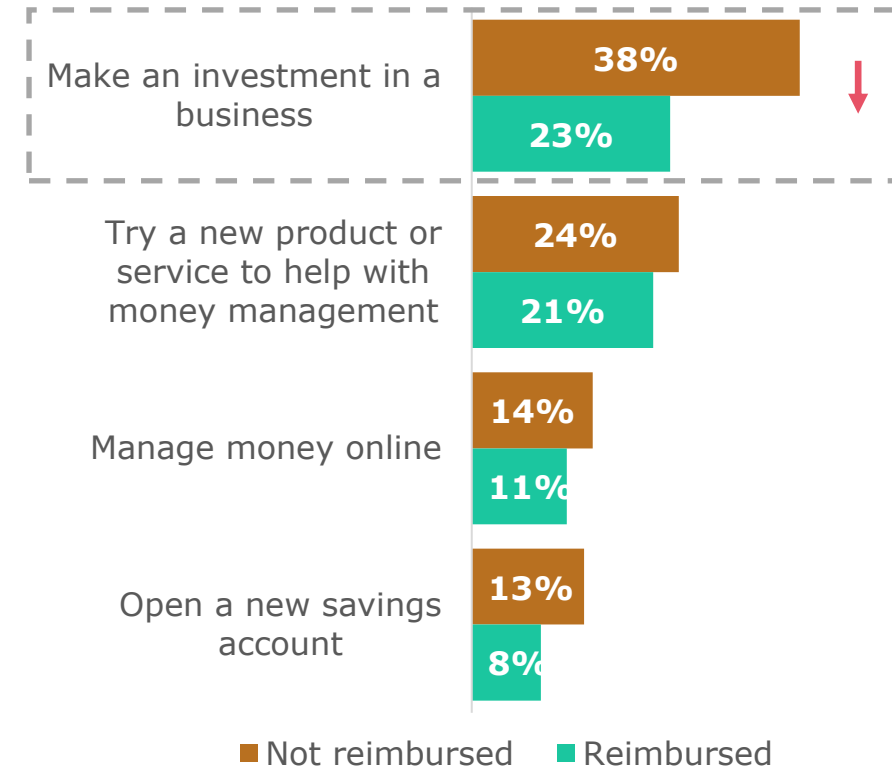
Confidence performing financial behaviours

% selecting 'extremely confident' in performing this activity



Loss of confidence performing financial behaviours since experiencing APP fraud

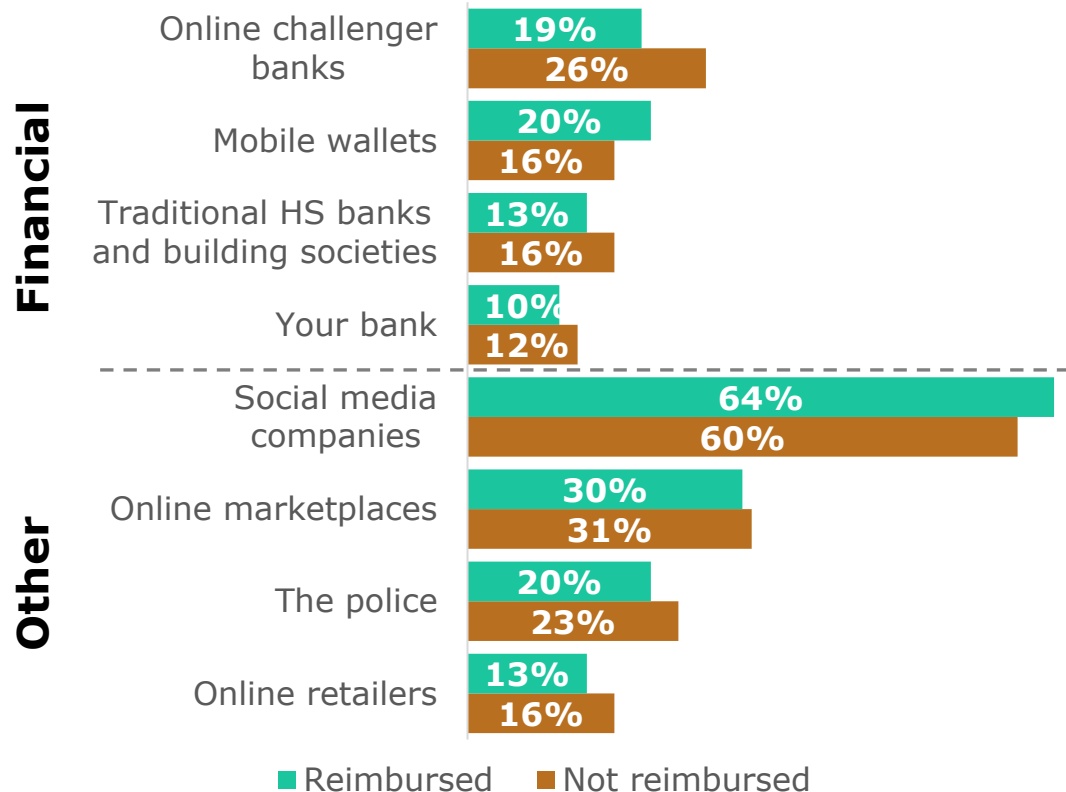
% selecting 'a little less confident' or 'much less confident'



Reimbursement appears to be protective of trust in some institutions

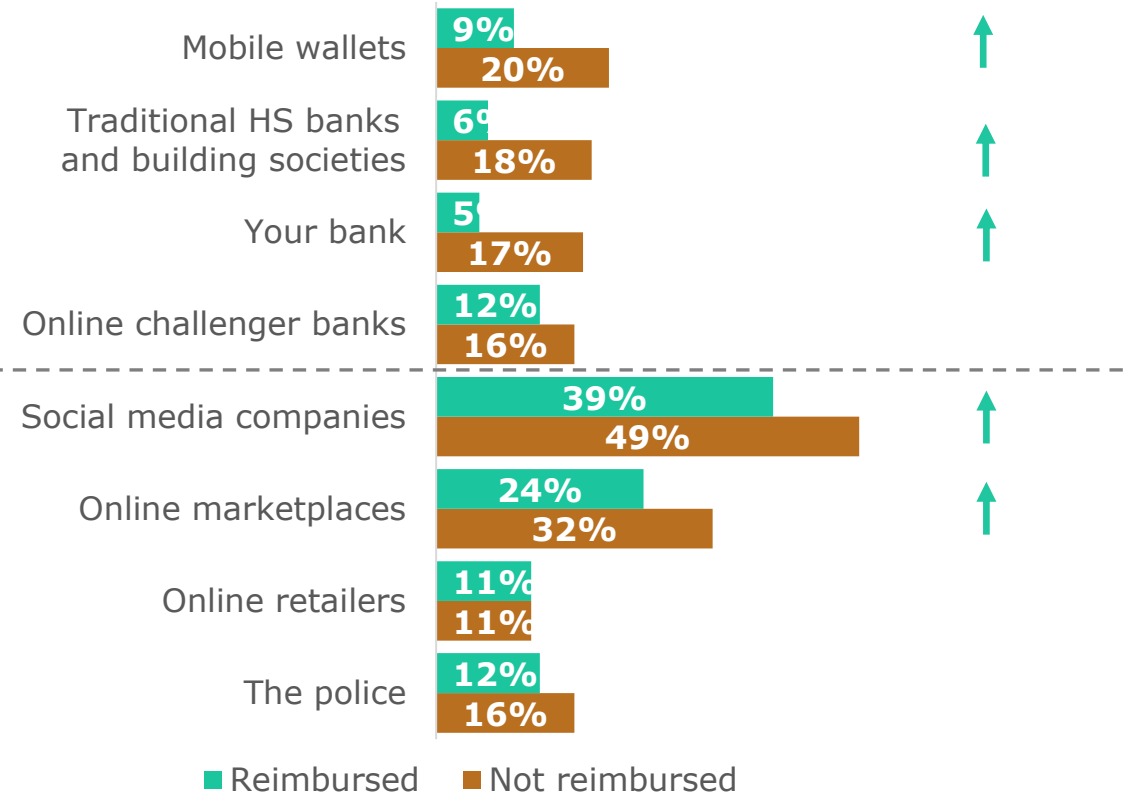
Distrust in institutions

% selecting 'distrust' (slightly, mostly or completely)



Loss of trust in institutions since experiencing APP fraud

% selecting 'distrust a little/lot more'



05. Impact of APP fraud: economic activity



Key findings in this section:

1.

Higher-value APP fraud victims are less confident making payments (and particularly digital payments) compared to those who have not been a victim of APP fraud.

2.

Similar to financial literacy, victims' perceived confidence in making payments has dropped since experiencing fraud. This can make some hesitant to use new methods. A third of victims (32%) say they have lost confidence in using new payment methods, rising to 39% for those losing over £1,000.

3.

The claimed impact on interactions with businesses is even more pronounced: 48% of victims say they are now less confident to use unfamiliar retailers since experiencing fraud. 1 in 4 say they have stopped using certain websites or payment methods altogether.

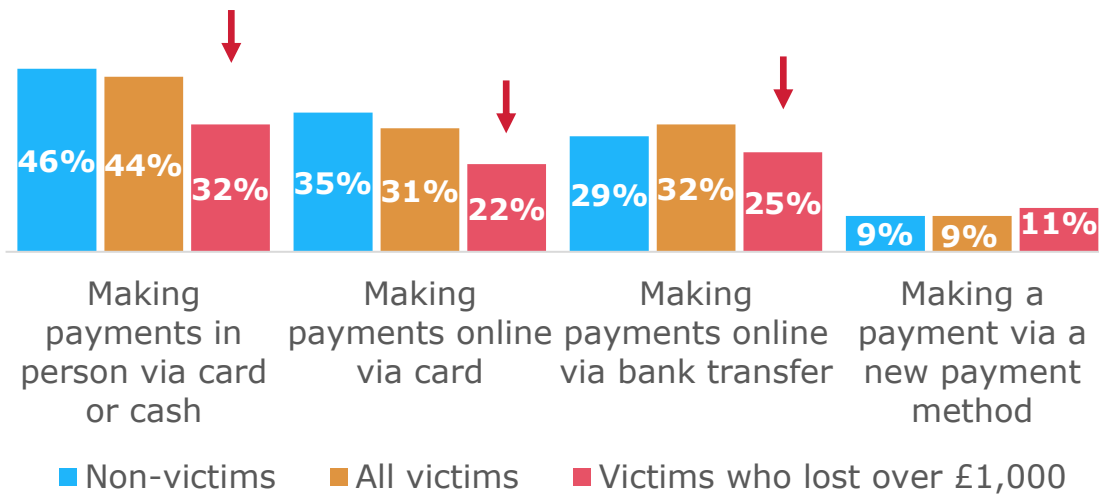
4.

Reimbursement makes a modest difference to making payments and other economic activity. The exception is making payments online and via card, where victims who have been reimbursed are more likely to say they're extremely confident compared with those who weren't.

Higher-value APP fraud victims are less likely to feel confident making digital payments

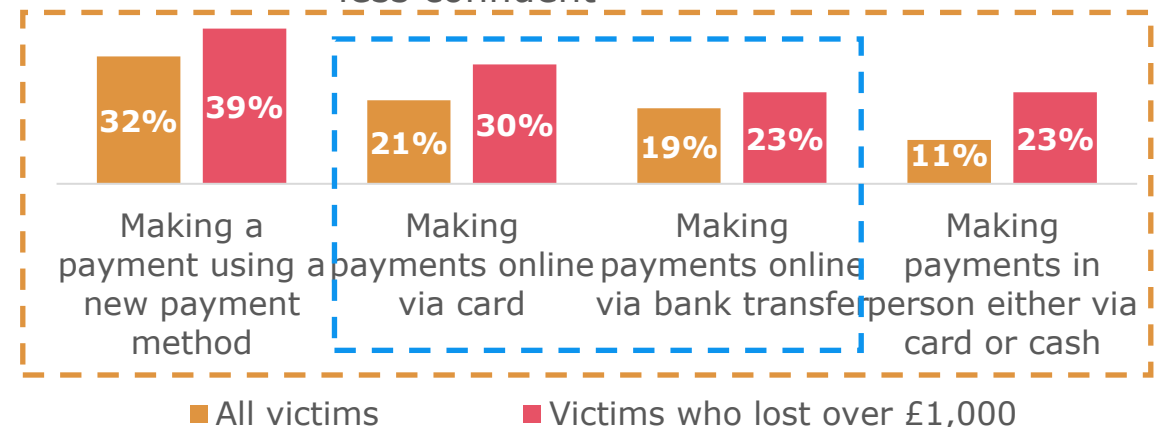
Confidence in making payments

% selecting 'extremely confident' for their confidence in performing this activity



Loss of confidence in making payments since experiencing APP fraud

% selecting 'a little less confident' or 'much less confident'

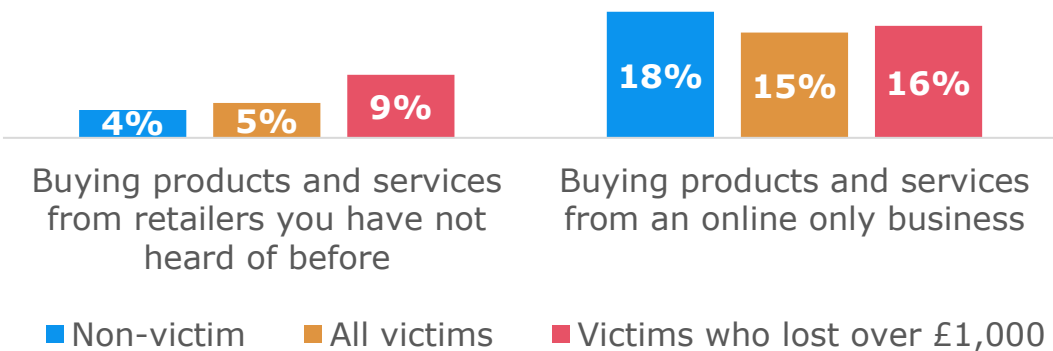


11% of all victims say their confidence making online payments has decreased.

4% of all victims say their confidence has decreased when making payments in general.

Almost half of APP fraud victims say they have lost confidence in using unfamiliar retailers

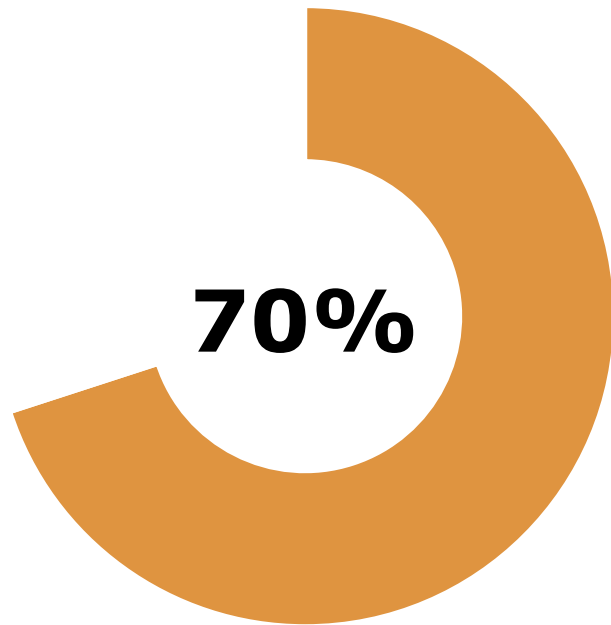
Confidence in accessing products and services
% selecting 'extremely confident'



Loss of confidence in making payments since experiencing APP fraud
% selecting 'a little less confident' or 'much less confident'



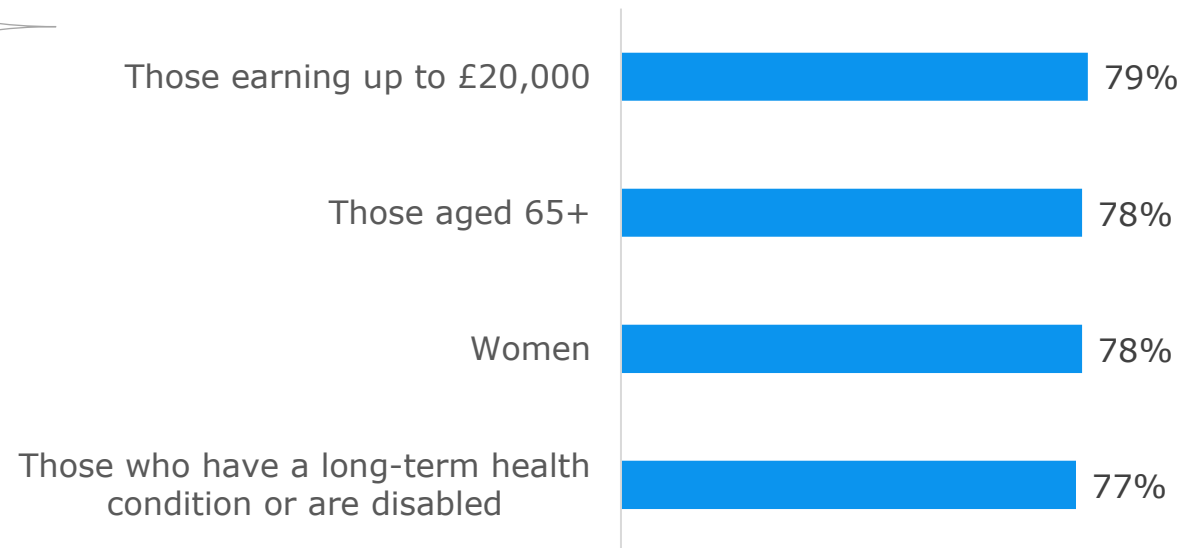
Reflecting this, the majority are more wary about shopping with businesses they don't recognise



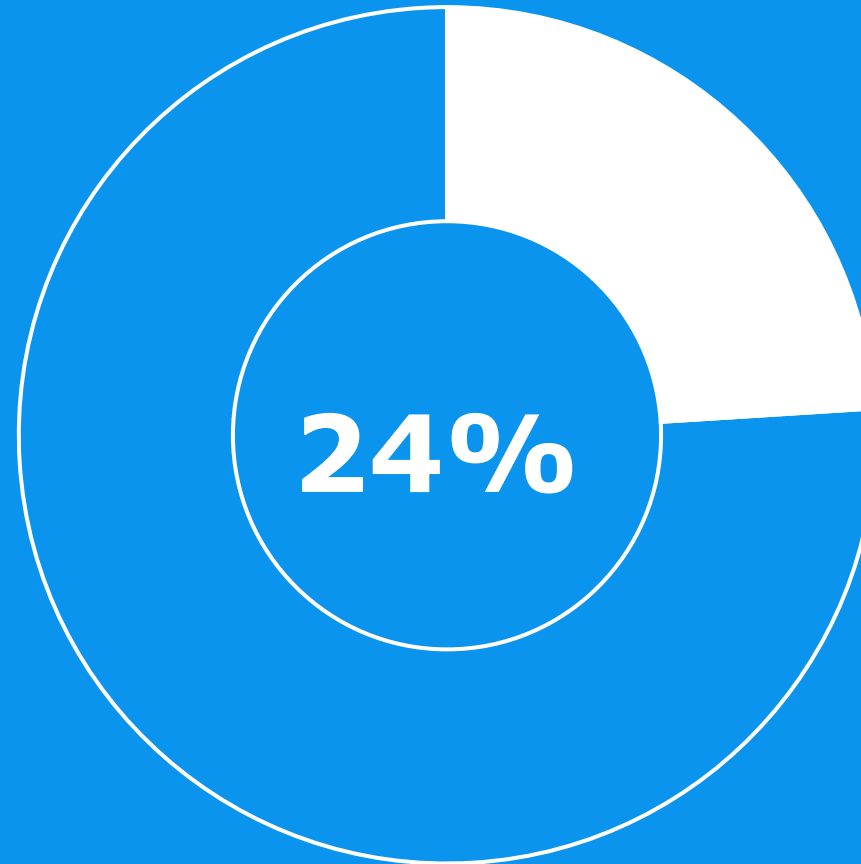
of all victims agree that 'I am hesitant about buying goods and services from places I don't recognise since experiencing fraud'

This is particularly true for victims who have characteristics which may mean they are more vulnerable.

% who agree amongst subgroups



And 1 in 4 say they have stopped using certain websites or payment methods as a result



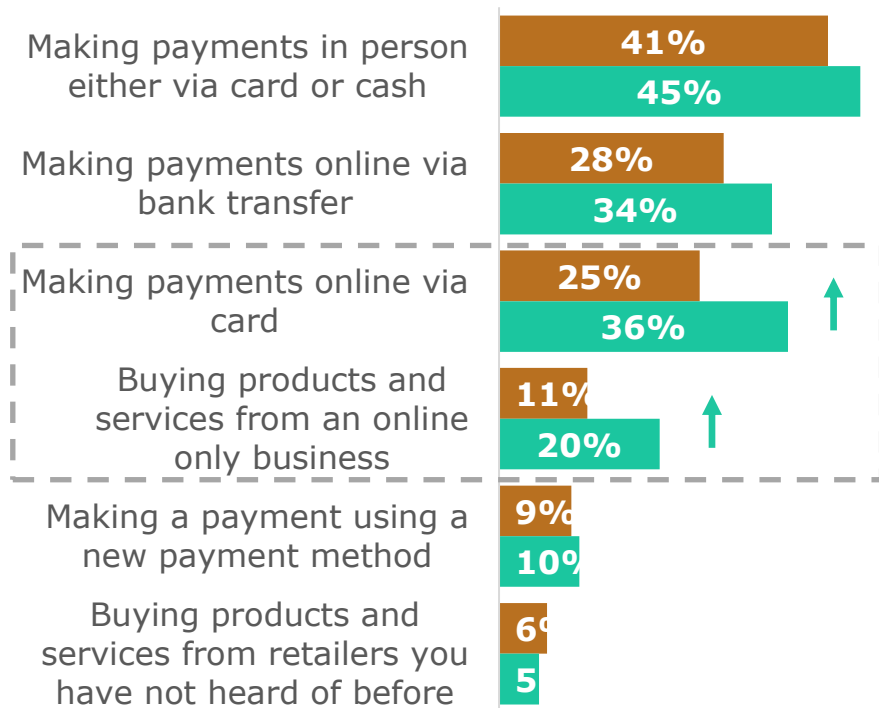
This rises to a third (32%) of those with a long-term health condition or disability.

Stopped using certain websites or payment methods

Reimbursement protects confidence in online payments and businesses

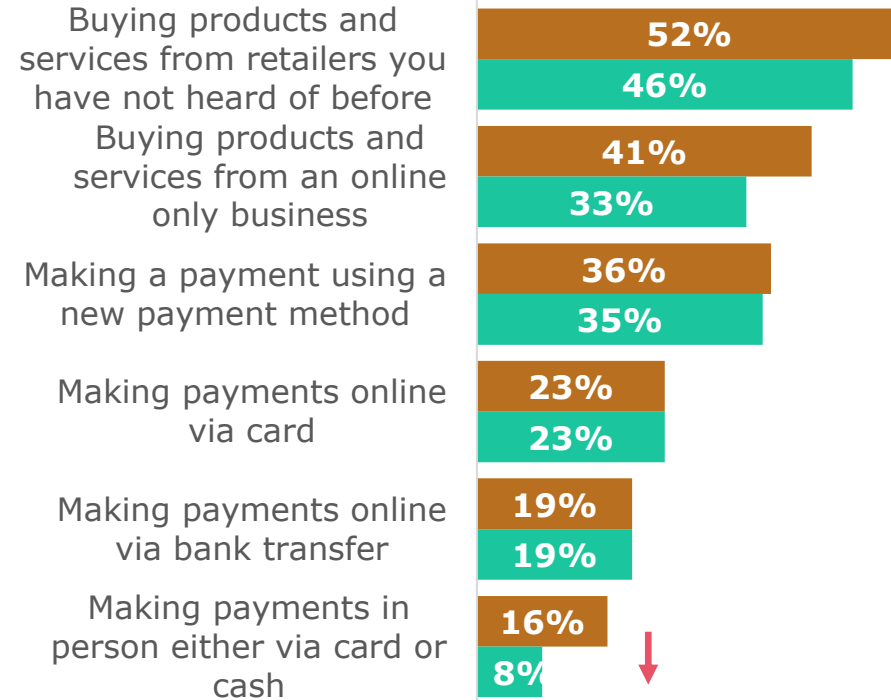
Confidence performing economic behaviour

% selecting 'extremely confident' in performing this activity



Loss of confidence performing financial behaviours since experiencing APP fraud

% selecting 'a little less confident' or 'much less confident'



■ Not reimbursed ■ Reimbursed

06. Impact of APP fraud: social wellbeing



Key findings in this section:

1.

Experiencing APP fraud can have a profound detrimental effect on personal wellbeing, particularly for higher-value victims. 21% of victims are left feeling depressed and anxious (rising to 30% for those losing over £1,000), while 18% feel less safe as a result (32% for those losing over £1,000).

2.

The impact on social trust is also pronounced. Half (49%) of all victims say they trust other people less since experiencing fraud (62% for victims losing over £1,000), and 17% say that they have lost trust in society.

3.

However, there is a significant proportion (47%) who say that experiencing APP fraud has had little long-term impact on them. As might be expected, higher earners are the most likely to agree with this statement (65% of those earning over £75,000).

4.

Reimbursement makes a significant difference to these personal and social harms. Those who are reimbursed are less likely to feel withdrawn from others, less likely to feel their social relations have been damaged and less likely to be too embarrassed to speak to others about their experiences, contributing to the stigma of fraud.

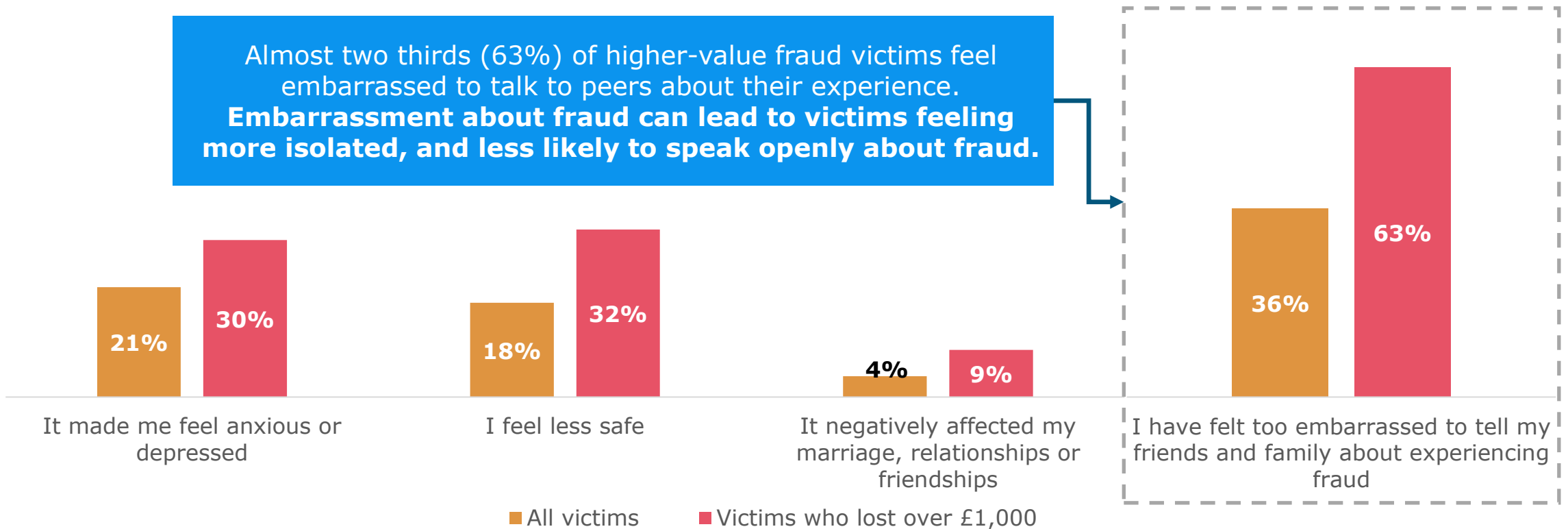
Significant minorities agree the experience of fraud had a detrimental impact on wellbeing

Impact on personal wellbeing since experiencing APP fraud

% selecting 'agree' or 'strongly agree'

% selecting statement

Almost two thirds (63%) of higher-value fraud victims feel embarrassed to talk to peers about their experience. **Embarrassment about fraud can lead to victims feeling more isolated, and less likely to speak openly about fraud.**

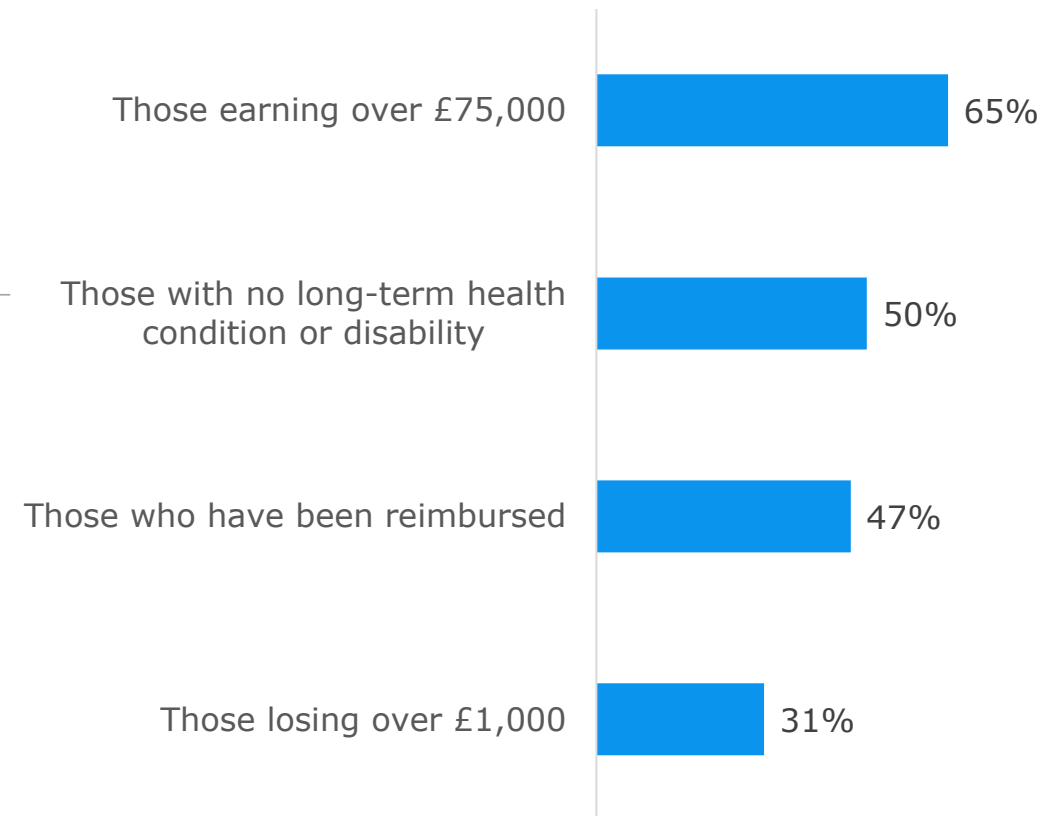


The highest earners are the most likely to agree that fraud has had little impact on them

47%

of all victims agree that 'Overall, experiencing fraud has had a minimal impact on me personally'

% who agree amongst subgroups

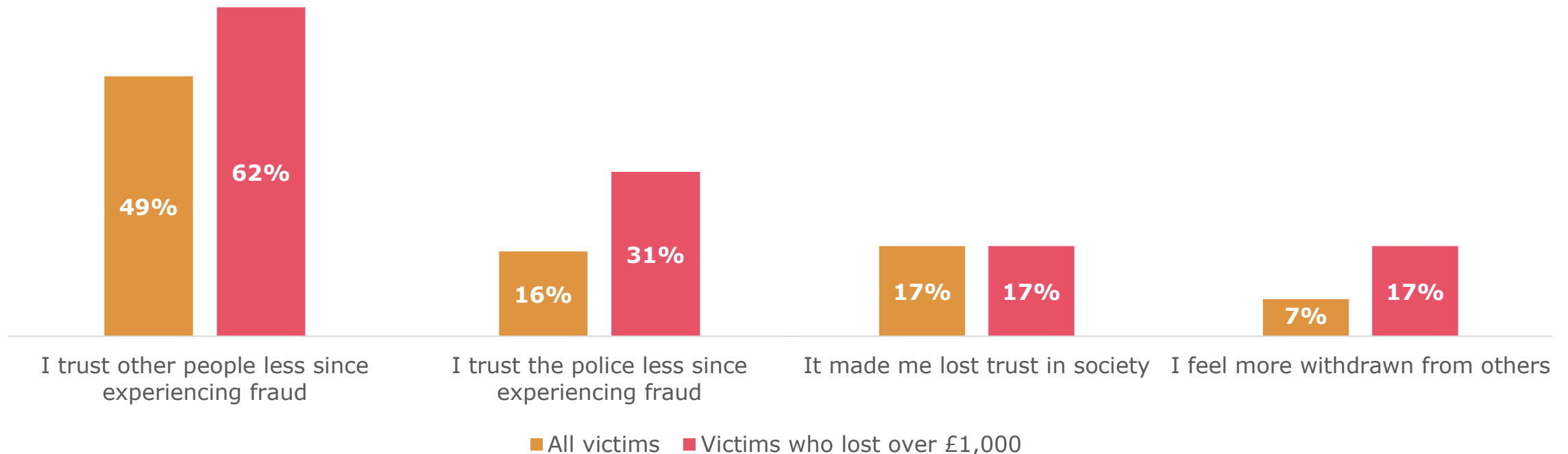


In this context, around half of victims say they trust other people less since experiencing fraud

Impact in trust in society and others since experiencing APP fraud

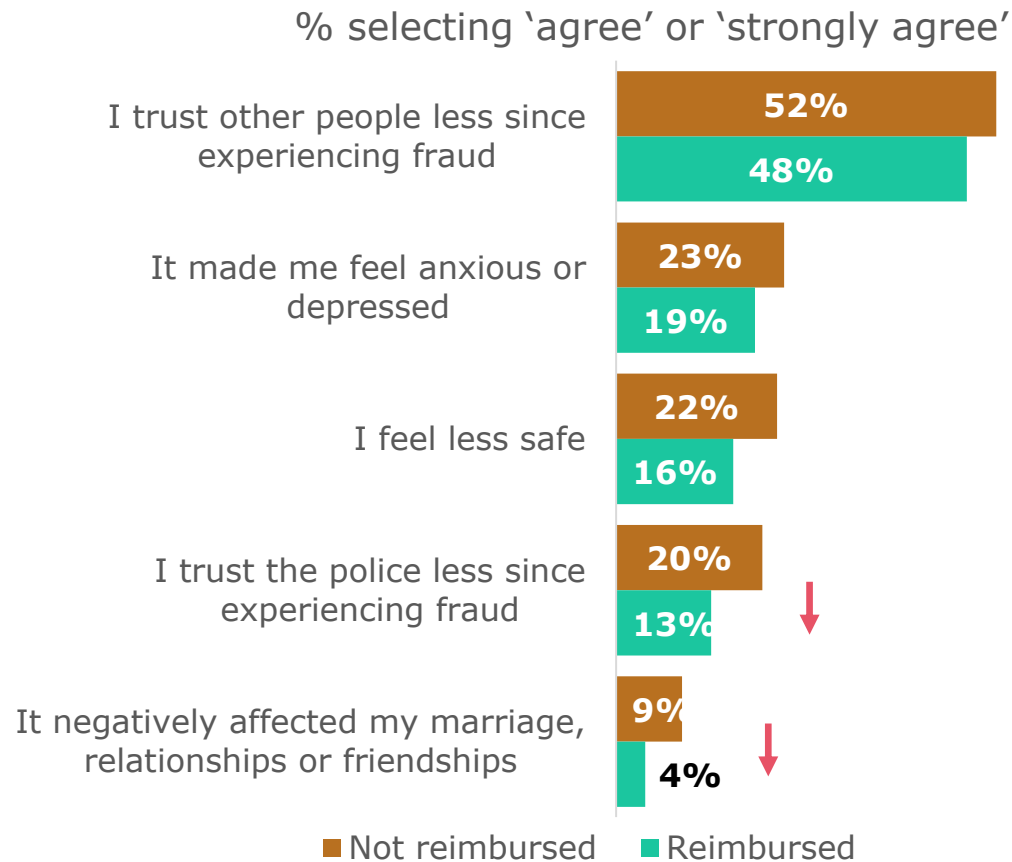
% selecting 'agree' or 'strongly agree'

% selecting statement



Reimbursement appears to protect many aspects of social wellbeing

Impact on social wellbeing



07. Guarding against future APP fraud



Key findings in this section:

1.

Getting one's money back is overwhelmingly (67%) the top priority for APP fraud victims. One in five (19%) agree that seeing the content that led to the fraud taken down is their top priority, while 7% prioritise a police investigation, or seeing the fraudster put in jail.

2.

Only a quarter (26%) of reimbursed APP fraud victims feel reassured about being reimbursed if it were to happen again. While higher than other groups (2% for those not reimbursed), this is less than one might expect.

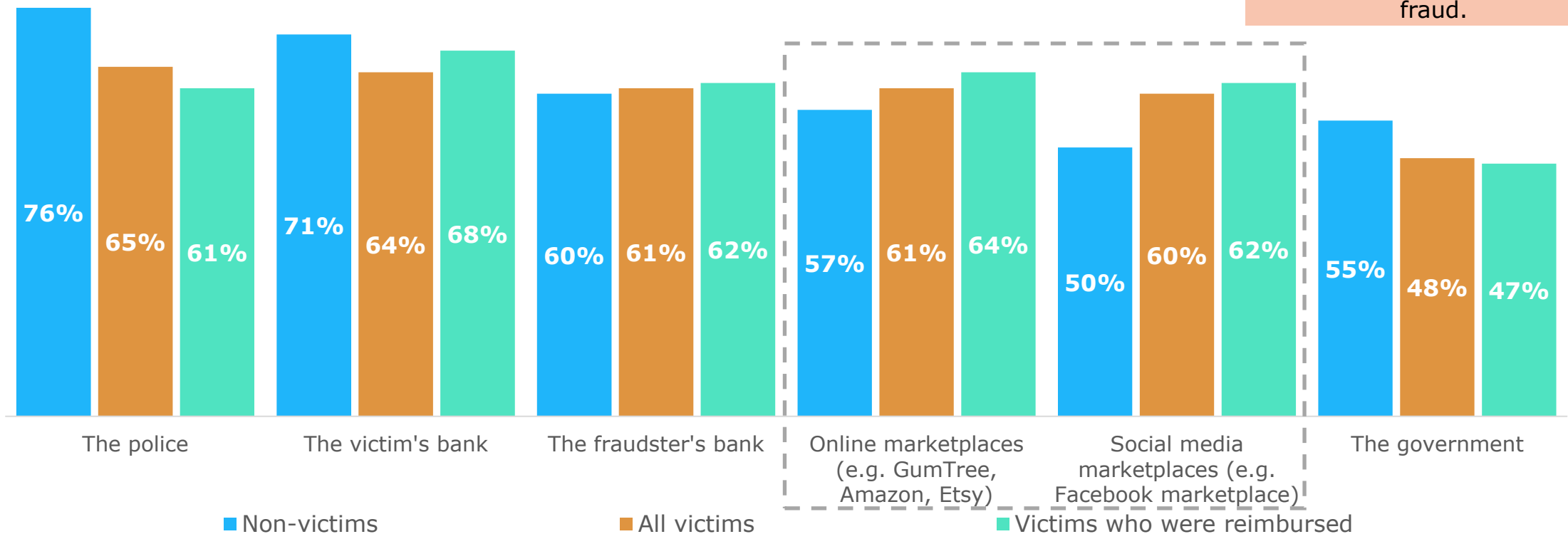
3.

Reimbursed APP fraud victims are more likely (65% to 46% not reimbursed) to say that they have become more vigilant about fraud looking to the future. This indicates that, contrary to some assumptions, reimbursement helps to encourage taking an active role in guarding against fraud.

Victims are more likely to place some responsibility for tackling fraud at source

Responsibility of organisations
 % selecting the organisation as having (some) responsibility

Being reimbursed has little impact for where victims place responsibility for APP fraud.

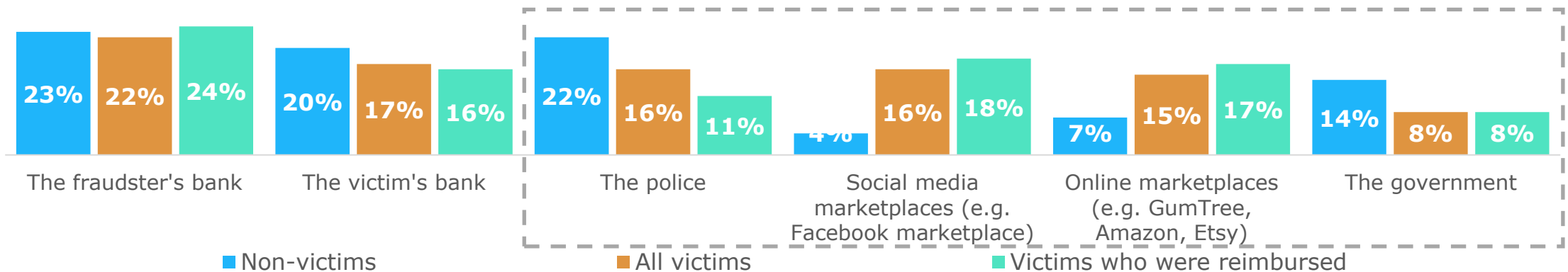


But banks are felt to be most responsible overall

Responsibility of organisations

% selecting the organisation as the most responsibility

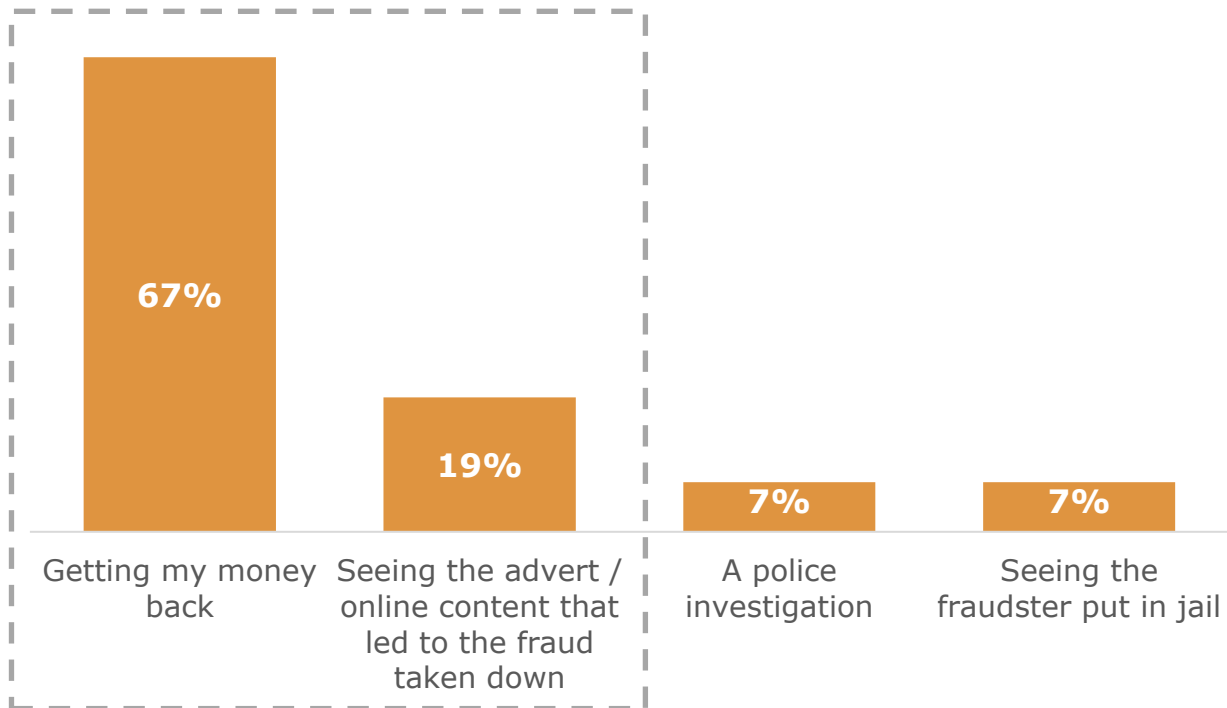
Victims of fraud are more likely to feel platforms are 'most' responsible compared to non-victims. On the other hand, non-victims are more likely to say the police and Government are most responsible.



Getting money back is overwhelmingly the top priority for APP fraud victims

'What was most important to you personally after becoming a victim of fraud?'

% of all victims selecting option



Those more likely to prioritise **getting their money back** include:

- Those reimbursed (79%)
- Women (71%)

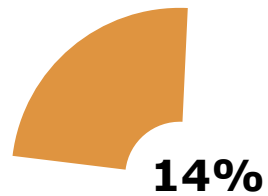
Those more likely to prioritise **seeing the content taken down** include:

- Those losing up to £999.99 (22%)
- Those not reimbursed (31%)
- Men (22%)

Just a quarter of victims who were reimbursed feel reassured about future reimbursement

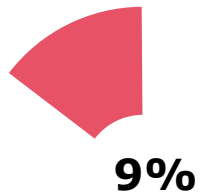
'It made me reassured I would be reimbursed if it happened again'
% selecting this answer

All APP fraud victims



Just 14% of APP fraud victims say that their experience made them reassured they would be reimbursed if it happened again, dropping to 9% among those losing over £1,000.

Loss over £1,000



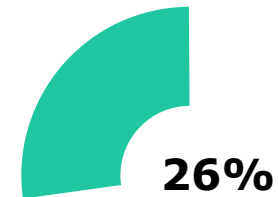
Not reimbursed



As might be expected, those who were reimbursed are more likely to feel this reassurance.

However, **three quarters (74%) of those reimbursed did not select this answer** – indicating that a past reimbursement does not lead to a perception that it will always happen again in the future.

Reimbursed

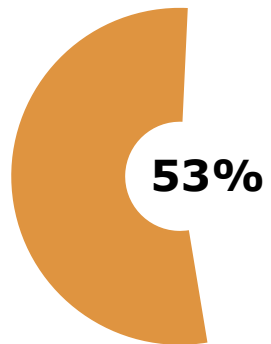


Reimbursed victims are more likely to say that they have become more vigilant about fraud

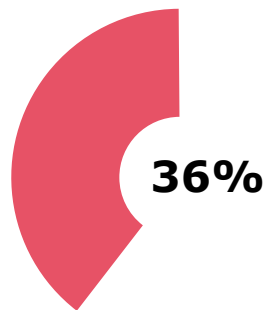
'It made me more vigilant and informed about fraud'

% selecting this answer

All APP fraud victims



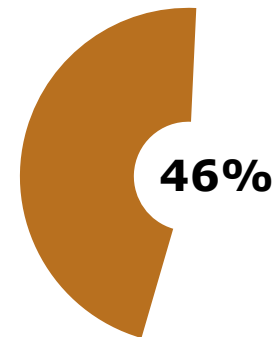
Loss over £1,000



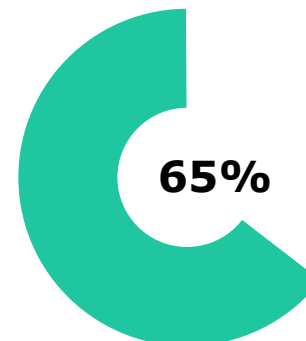
Over half (56%) of APP fraud victims say that their experiences have made them more vigilant against fraud.

However, this is less so for those losing over £1,000, dropping to 36%.

Not reimbursed



Reimbursed



In contrast to assumptions that reimbursement may encourage complacency, two thirds (65%) of those reimbursed say that their experience has made them more vigilant and informed about fraud (46% for those not reimbursed).

08. Recap: Key findings



Key findings

1

Victims of APP fraud experience harm in three key areas: to their financial lives, to their broader economic activity and to their social wellbeing. Harm to their broader economic activity and to social wellbeing is most profound.

Financial lives: Victims' trust in financial institutions and confidence in performing various behaviours is not significantly lower than those who have not experienced harm. That said, significant minorities of victims say that their confidence and trust have declined since experiencing fraud. In this context, a third (36%) say being a victim of fraud means they are hesitant about trying new ways of managing their money.

Economic activity: As with financial lives, claimed confidence in shopping online and with unfamiliar brands is not significantly lower amongst victims. However, victims perceive their confidence in these areas to have dropped since experiencing fraud. In this context, a majority feel more hesitant about shopping with unfamiliar brands and 1 in 4 say they have stopped using certain websites as a result of fraud.

Social wellbeing: Those who have experienced APP fraud describe feeling angry and embarrassed. 1 in 5 say experiencing fraud made them feel anxious and depressed and half agreed that it made them lose trust in other people.

Key findings

2

Victims are more likely to lose trust in platforms, rather than financial institutions after experiencing fraud. 41% of APP fraud victims claim to have lost trust in social media companies – four times as many as say they have lost trust in traditional banks. This may be due to 2 in 5 of those who reported fraud to the platform where the fraud took place (e.g. social media companies) feeling dissatisfied with how they handled it.

3

There are indications that the harm is greater for victims that lose more than £1,000. Almost two thirds (63%) of higher-value fraud victims feel embarrassed to talk to peers about their experience. And a quarter say that fraud had a 'significant negative impact on their finances', compared with 8% of all victims.

4

Reimbursement mitigates the impact of some, but not all harm. Those that are reimbursed report less of an impact to their social wellbeing, compared with those who weren't reimbursed. However, reimbursement makes little to no difference on confidence enacting financial behaviours. Reimbursement also leads to victims stating they have become more vigilant in the future to protect themselves.

09. Appendix

- Sample information



Sample information

We surveyed a total of 1509 participants across the UK.



163 aged 18-24
260 aged 25-34
240 aged 35-44
263 aged 45-54
231 aged 55-64
353 aged 65+



71 from Wales
128 from Scotland
42 from Northern Ireland
199 from London
355 from Northern England
379 from Midlands & East of England
335 from Southern England



286 with income up to £19,999
523 with income £20,000-£39,999
432 with income £40,000-£74,999
126 with income more than £75,000



1302 White British/ White Other
112 Asian/ Asian British
35 Black/ African/ Caribbean/ Black British
32 Mixed ethnicities
16 Another ethnic group



909 employed
600 unemployed



736 male
769 female
3 other



1043 have no disability
422 have a disability



Thank you!

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