

Zelle users have been scammed out of thousands. How to avoid being targeted on money apps

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Money transfer apps are a convenient way to send and receive money, but scammers can use them to steal your funds.

Bank of America customers earlier this month filed a class-action lawsuit against the bank claiming its use of Zelle comes with a high risk of fraud, The Charlotte Observer reported.

In October, U.S. Sen. Elizabeth Warren released a report that found there were more than 190,000 cases of scams reported from January 2021-June 2022 among four of the banks that partly own Zelle.

Data also show that people have fallen victim to scams on other [money](#) transfer apps.

According to a recent Pew Research Center survey, 13% of people who used Paypal, Zelle, Venmo or Cash App said they have sent money to someone and later realized it was a [scam](#). Another 11% reported their accounts had been hacked.

Common scams on money transfer apps

While it's easy to mistype a username and send money to the wrong person, someone who sends you a payment by mistake could be trying to deceive you.

According to the Better Business Bureau, scammers connect stolen [credit cards](#) to their digital wallets and use them to transfer money. Once you send money back to the scammer, they will delete the stolen [credit card](#) and add their [personal information](#), ensuring the funds will be deposited into their account.

Here are some other common scams to look out for, according to the BBB:

- Canceled payments: Since some money transfer apps take days to process a transaction, some scammers will cancel them before

they go through.

- Fake official emails: Scammers may send spoofed emails asking you to enter your password on a fraudulent website to prevent your account from being suspended.
- Overpayment for an item: If you use money transfer apps to sell an item, scammers may claim they paid more than you were owed and ask you to send the extra money back.

How to avoid scams

Here are some ways you can avoid fraud, according to the BBB:

- Only use money transfer apps to send payments to people you personally know
- If someone sends you money by mistake, ask them to cancel the transaction.
- Protect your account with additional security measures, such as multi-factor authentication, Touch ID and Face ID.
- Link your account to a credit card. Credit cards typically provide additional security if you don't receive goods or services you paid for.
- Use a strong password.
- If you use money transfer apps to sell something, make sure the transaction has cleared before sending the item.

What to do if you suspect fraud

If you fall victim to a scam, the Federal Trade Commission advises that you should report the transaction to the company and ask to reverse the payment. If the app is linked to your credit card or [debit card](#), you should report the scam to your bank.

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