Fake Charity Scams

Charities are not-for-profit organisations whose goal is to raise funds to help those in need. Scammers often impersonate real charities or create fake ones to deceive consumers into giving donations or to steal their details by telling them they have something to claim. These scams occur regularly, although many fraudsters often strike after natural disasters or large events that put many in need. As a consumer, it is important to understand how these scams work and what you can do to protect yourself from falling victim.

Consumers need to be aware of how these scams work and why they work so well. A counterfeit charity scam works by trying to exploit people's generosity and sympathy for those in need. They attempt to trick consumers into giving them funds or personal information by taking advantage of these natural human instincts and emotions. They often claim their 'charity is doing things like helping the homeless, caring for sick children in hospital, helping research for cancer, disaster relief, etc. Not only do these scams exploit people, but they also take away from the legitimate organisations being able to receive the highly needed donations and funds, that they would have used to help the community. These schemes can take place in person (i.e. door-to-door or on the streets), online (i.e. fake websites, email, social media platforms or places like GoFundMe) as well as over the phone.

Such scams work extremely well as when a tragic event occurs, if you are not personally affected, chances are you will be hearing and seeing stories about what is going on. This naturally compels people to want to help in some way, and often many find donating to charities the easiest way. Scammers know full well that consumers will always open their wallets and heart to help others, so they attempt to capitalise off this goodwill. An example of this was and, in some ways, still is the 2019/2020 Australian bushfires. During this national disaster, donations were flooding in from all around the globe. ABC News reported at one stage that they were seeing donations coming in from over 170 countries for bushfire relief. An ACCC spokesperson told ABC News that from September 2019 – early January 2020, they had received over 425 reports of bushfire scams. Many of which had to be forwarded onto government investigation. Within a week of the ACCC's Scamwatch launching a bushfire scam hotline, they received 184 calls. This is important information for consumers to know how and why these scams work the way they do.

It is crucial to not just know how and why fake charity scams work but to also be actively aware of how consumers can protect themselves from being scammed and caught off-guard. These types of scams are also on the rise, so be aware. ACCC data showed that the amount stolen by fraud charity scammers doubled from 2018 to 2019. As a consumer goes to donate, there are a few initial warning signs that this could be a scam. If someone feels pressured to give immediately this is likely a scam as genuine charities welcome donation whenever suits them best. A request to pay by wire transfer, gift card or cash not a credit card, is suspicious as these methods of payment are much harder to track. A common trick is for a scammer to thank you for a donation you never made, often resulting in people paying as they didn't actually do the first time but feel like they now must. Also, if the 'charity has a large number of vague claims, and no details as to where the money will go, this should be a huge red flag for consumers.

As well as knowing these few warning signs, consumers need to know what to do when dealing with a charity to make sure it is legitimate before handing over any money or personal information. Firstly, do some research online. Check the name of the charity first, by searching for reviews or checking if they are registered if they claim to be a major, well-known charity, eg. The Red Cross or The Salvation Army. Secondly, one should be careful in how they choose to pay. If in fact this is a scam, credit card is the easiest to trace and is safer for the consumer. Check that it is clear where the donation is going and who is receiving the money or details on the other end. Make sure that a good record is kept of any donations made. As a consumer, check that recurring donations aren't being made if that wasn't selected. As the person donating, don't allow someone pressure you into making a decision you aren't comfortable with. Keep in mind, hackers can change their caller ID to give the correct location and fake claims always made. This can include them promising sweepstakes as a trade off for your donation, this is not just a scam – its completely illegal.