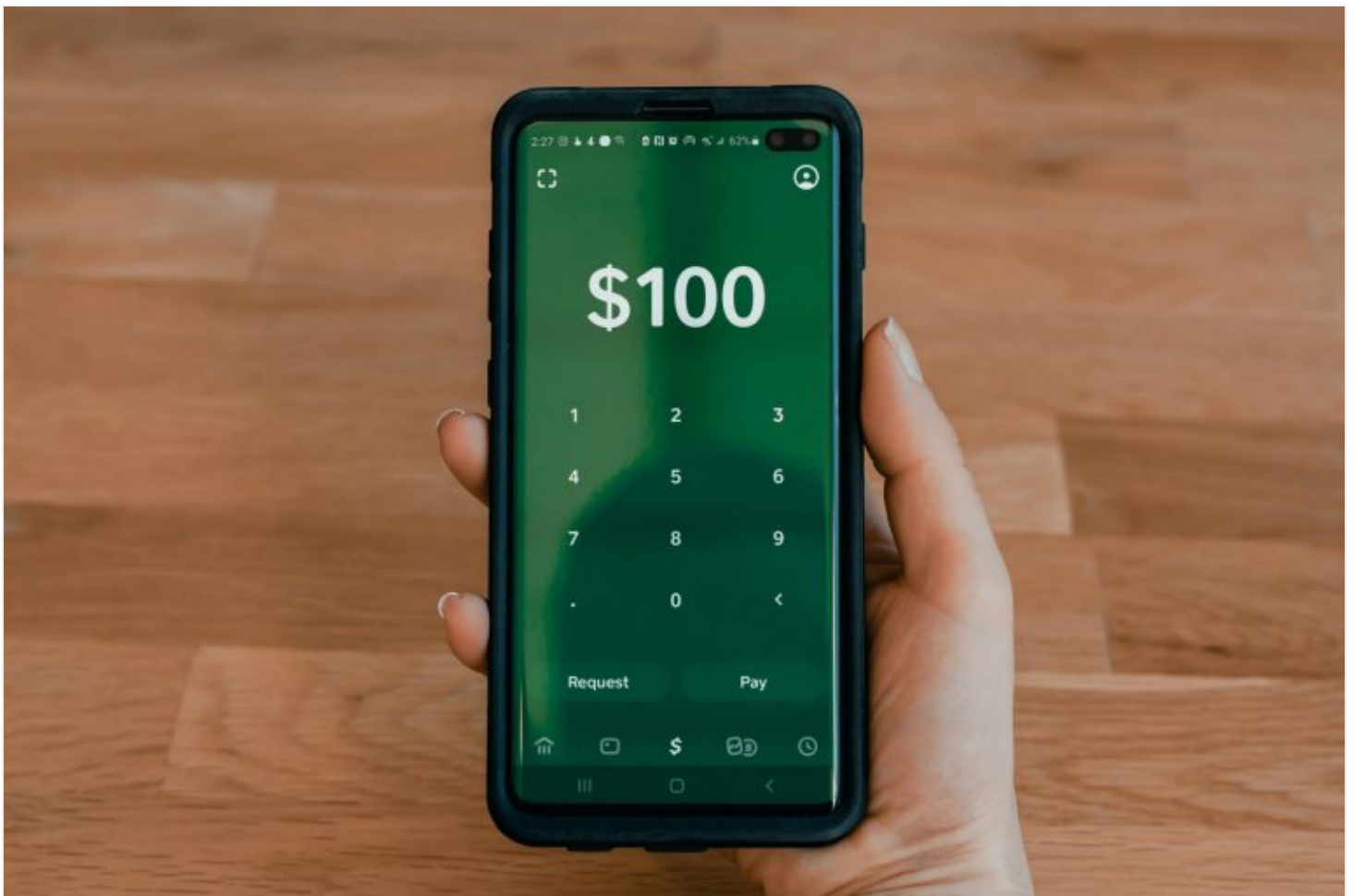


Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

verify their identity and transfers money out of their account.

Nov. 30, 2022



*By Noor Adatia, The Dallas Morning News (via TNS).*

People are increasingly falling victim to fraud on the payment service Zelle, lured by scammers impersonating bank officials via text message or phone call — and in response to the prevalence of fraud, [some banks are responding with a plan](#) to reimburse scammed customers.

Zelle allows users to send and receive money instantly and without a fee. But unlike other mobile payment services like Venmo and Cash App, the platform is partially

owned by banks.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

“Big banks own and profit from Zelle but are failing to make their customers whole for both authorized and unauthorized fraudulent activity on the platform, despite their claims that it is safe and that they have a ‘zero liability’ policy for fraud,” Warren’s office wrote.

The report also found that customers are set to lose more than \$255 million to scammers by the end of this year.

But schemes involving money and manipulation aren’t new. Digital wallets like Zelle have simply introduced a new method for fraudsters, said Monica Horton, spokeswoman for the Better Business Bureau of North Central Texas.

She said digital payment scams are on the rise because the transaction is similar to handing someone cash.

“Scammers used to ask you to wire-transfer money because it wasn’t traceable. Then, they migrated over to sending you fake checks for you to take to the bank,” Horton said. “Now, they are using these payment platforms to steal your money.”

## **How does a Zelle scam work?**

Zelle allows people to transfer money to anyone through their phone number or email address, which may make it easier for bad actors to take advantage of users.

Scams on Zelle usually involve a text message that appears to be from a bank. These messages often ask victims whether to authorize a large payment from Zelle by texting back a “yes” or “no.”

After the person responds to the fake message, fraudsters will call the user under the guise of reversing the unauthorized transaction. Phone calls are spoofed to appear as though they’re being made by the bank.

The scammer then asks for the victim's username and password to verify their

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

often occurs during periods of peak energy usage.

## Will you get your money back?

It's unlikely you will get your money back if you were scammed on Zelle.

Only unauthorized transfers are protected for customers, according to the [Electronic Funds Transfer Act of 1978](#). Otherwise, it is difficult to recover money you've knowingly sent to someone, which is considered an authorized transfer under the law.

The service also does not offer a protection program on authorized payments.

"Even if you were tricked or persuaded into authorizing a payment for a good or service someone said they were going to provide, but they didn't fulfill it, this would be considered a scam. Because you authorized the payment, you may not be able to get your money back," Zelle's website says.

It is more likely you will get your money back if you report an incident in which you weren't involved with the transaction, including someone gaining access to your account without permission.

## How to use digital wallets safely

There are some ways to protect yourself from being scammed by digital wallets, according to the [BBB](#) and [Zelle](#):

- Only send payments to people you know. "Peer-to-peer payment services were designed for simply that," Horton said. "You're paying somebody back for lunch or reimbursing a friend for something."
- Beware of scams that don't sound reasonable, such as tickets sold at a steep discount. "If an offer sounds too good to be true, it probably is," Zelle says on its

website.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

link or call a number," Horton said.

If you've lost money to a fraudster, you can report it to the FBI's Internet Complaint Crime Center at [ic3.gov](https://ic3.gov). Zelle also recommends reporting it to your bank or credit union.

The BBB has a [Scam Tracker portal](https://bbb.org/scamtracker) at [bbb.org/scamtracker](https://bbb.org/scamtracker), where you can report a scam or look up existing ones.

©2022 The Dallas Morning News. Distributed by Tribune Content Agency, LLC.

Accounting • Payroll • Taxes

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved