

# STATE OF REFUND ABUSE REPORT 2026

REPEAT OFFENDERS, ERODING  
LOYALTY, AND AI'S IMPACT.



RAVELIN.COM

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# INTRODUCTION

Our State of Refund Abuse Report reveals a significant and increasing challenge for merchants.

We surveyed 6,282 online shoppers across the UK, France, and Germany and found that just over one in four (27%) openly admit to exploiting returns policies. That figure rises to around one in three in the UK (31%). Abusers are becoming more confident, admit to already exploiting promotions and returns policies, and, crucially, they are largely getting away with it.

Just 2% of people who have attempted refund abuse say they're never successful in receiving refunds, and 46% say they get away with it every time. This suggests that refund abuse is easy to do and easy to get away with. Merchants can – and should – do more to stop it.

The threat from repeat offenders is particularly significant. Sixty percent of abusers say they are doing it as often, or more often, than in previous years. And the more often people engage in refund abuse,

the more they'll keep doing it.

For example, 20% of frequent abusers report buying things online with the intention of returning them, compared to just 3% of all respondents. Or 45% of frequent abusers say they have bought more things than they wanted to take advantage of high-spender offers with the intention of returning the extra items, compared to just 10% of all respondents.

AI is fueling the problem. One in three refund abusers agrees that AI and technology make it easier to obtain refunds for their online purchases.

Some companies are responding by charging for returns. But 34% of consumers told us this would sway them away from a brand. This blanket measure impacts everyone and risks turning good shoppers away, potentially harming revenues more than it helps.

We're pleased to present the findings in this report, and would welcome your perspectives on the topics raised.



The challenge is how merchants can balance great experiences for good customers while discouraging, rehabilitating, or banning abusive behaviors.

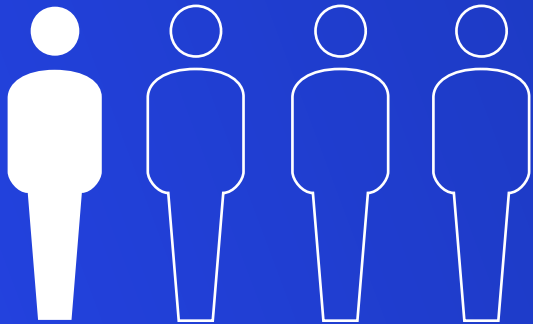
They must act now and shift to prevention. The most efficient response involves understanding the various customer cohorts of refund abusers specific to each business and targeting them with tailored interventions.

**Martin Sweeney, CEO, Ravelin**

## SECTION A

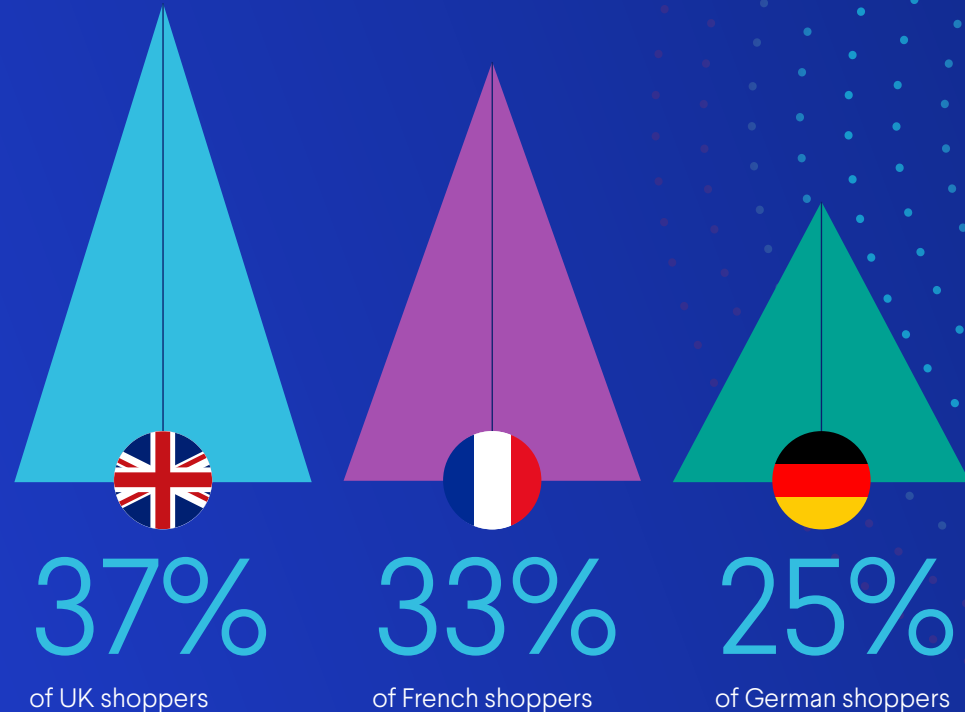
# THE STATE OF REFUNDS AND RETURNS ABUSE IN 2026

## 1 in 4



27% of the online shoppers we polled admitted to abusing merchants' refund policies in the last year

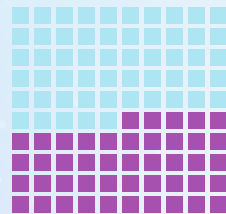
More UK shoppers have engaged, or plan to engage, in refund abuse activities than in other countries surveyed:



# REFUND ABUSERS ARE GAMING GENEROUS POLICIES

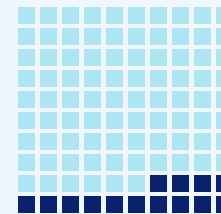
REFUND ABUSERS MOST COMMONLY EXPLOIT RETURNS AND REFUND POLICIES, OR CONSIDER DOING SO BY:

Activities that refund abusers have either done in the last year or would consider doing in the future



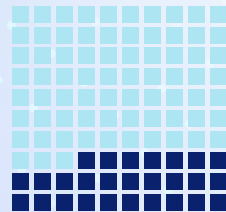
45%

Buying more things than they need to take advantage of high spender offers like free shipping or returns, with the intention of returning the excess items



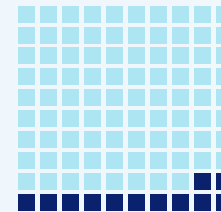
14%

Knowingly returning, and getting refunded for, an empty box or a box containing a dummy return item, rather than the claimed-for item itself



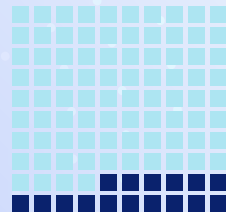
27%

Claiming a refund for things they bought that were delayed in transit, and then kept the items when they arrived



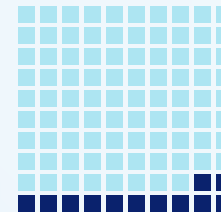
12%

Falsely claiming that something they bought online never arrived, and got refunded for it



16%

Buying something online with the intention of returning it after using it



12%

Falsely claiming that something was damaged in transit, or was faulty on arrival, and got refunded for it

## WHAT IS REFUND ABUSE?

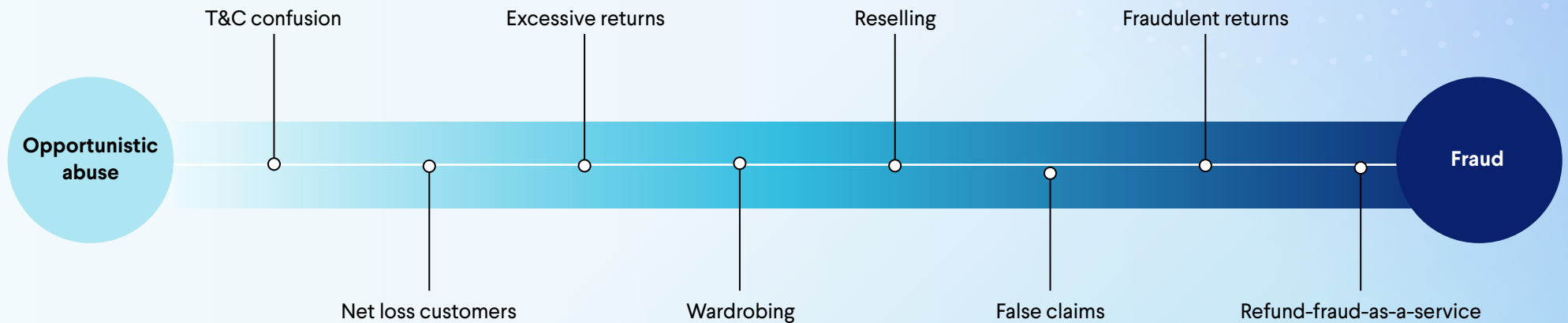
Refund abuse occurs when a customer requests and receives a refund for a purchase they claim was incomplete or unsatisfactory, even though it was not. In essence, they are taking advantage of the merchant's returns policy and goodwill for their own benefit.

It spans a spectrum of activities – some opportunistic,

others planned, as illustrated in the chart below.

Whatever its guise, refund abuse can become a big problem for merchants, resulting in significant financial losses and, if not managed correctly, damage to their brand reputation.

### THE SPECTRUM OF REFUND ABUSE



## TYPES OF REFUND ABUSE



### Refund-fraud-as-a-service

Often advertising on social media, professional fraudsters are hired to conduct refund fraud for a consumer, taking a share of the proceeds.



### Fraudulent returns

Returning different items from the ones they were supposed to be, empty boxes, or tampered-with items.



### False claims

When customers falsely claim that orders arrived with missing, damaged, or incorrect items, or were lost in transit.



### Reselling

Those who illegitimately resell merchandise can also profit from gaming returns and refunds.



### Wardrobing

Intentionally buying clothes, wearing once, and returning them for a refund.



### Excessive returns

Customers who make an excessive number of returns, which can be in the hundreds a year.



### Net loss customers

Customers with a kept value that is less than the total written-off revenue, so that they become a financial drain on the business.



### Terms and conditions confusion

When a customer misinterprets terms and conditions language and abuses the returns policy.



# PROFILE OF REFUND ABUSERS

SHOPPERS WHO HAVE ATTEMPTED REFUND ABUSE IN THE LAST YEAR ARE GENERALLY YOUNGER, BUT SHOPPERS ACROSS ALL DEMOGRAPHICS ARE GIVING IT A GO

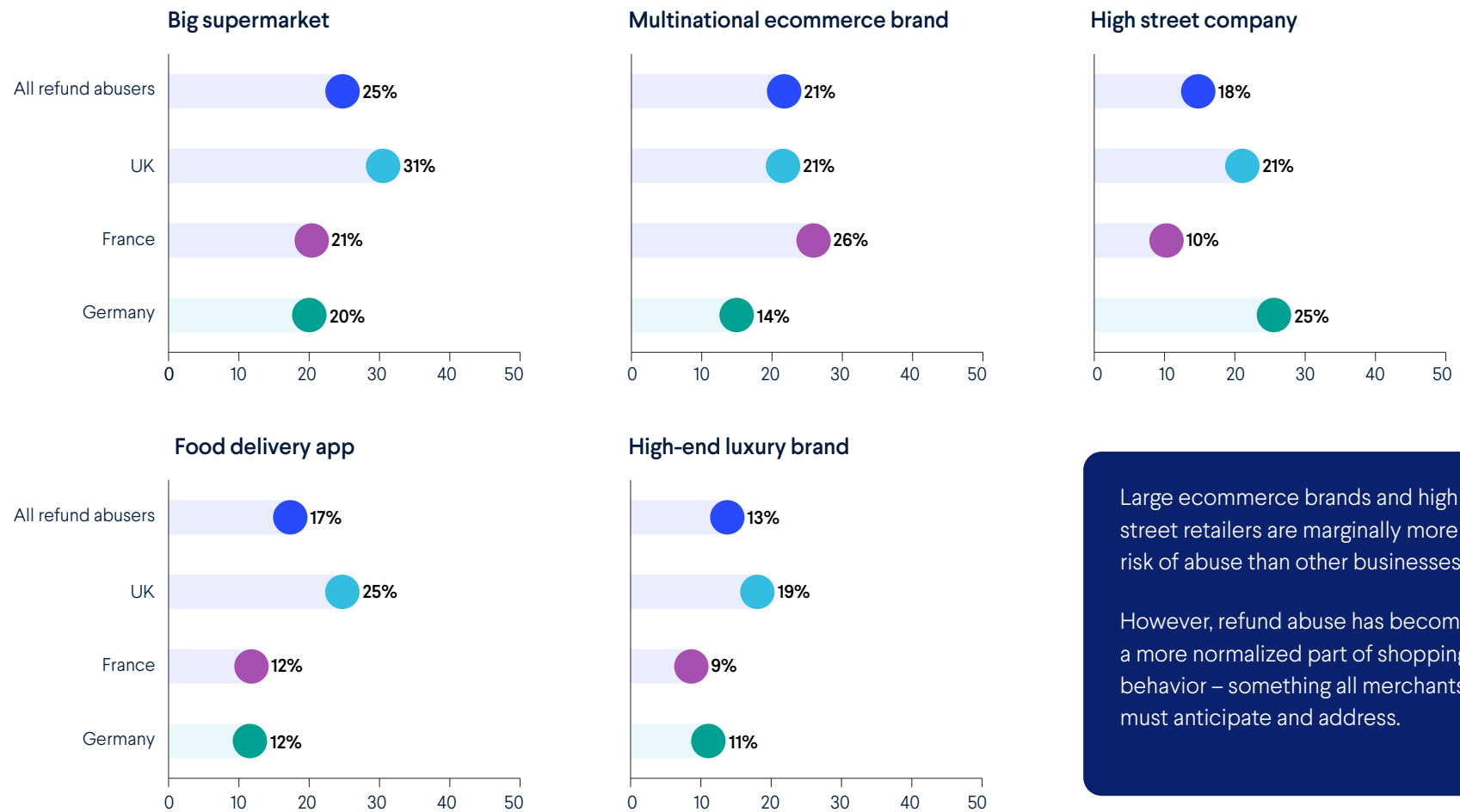


When considering intervention strategies, merchants should focus on targeting behaviors, rather than particular groups.



## REFUND ABUSERS OR CONSIDERERS ARE MOST LIKELY TO TARGET MULTINATIONAL ECOMMERCE, BIG BRANDS, AND HIGH STREET COMPANIES

THE TOP FIVE MERCHANT TYPES THAT REFUND ABUSERS WOULD MOST LIKELY TARGET



Large ecommerce brands and high street retailers are marginally more at risk of abuse than other businesses.

However, refund abuse has become a more normalized part of shopping behavior – something all merchants must anticipate and address.

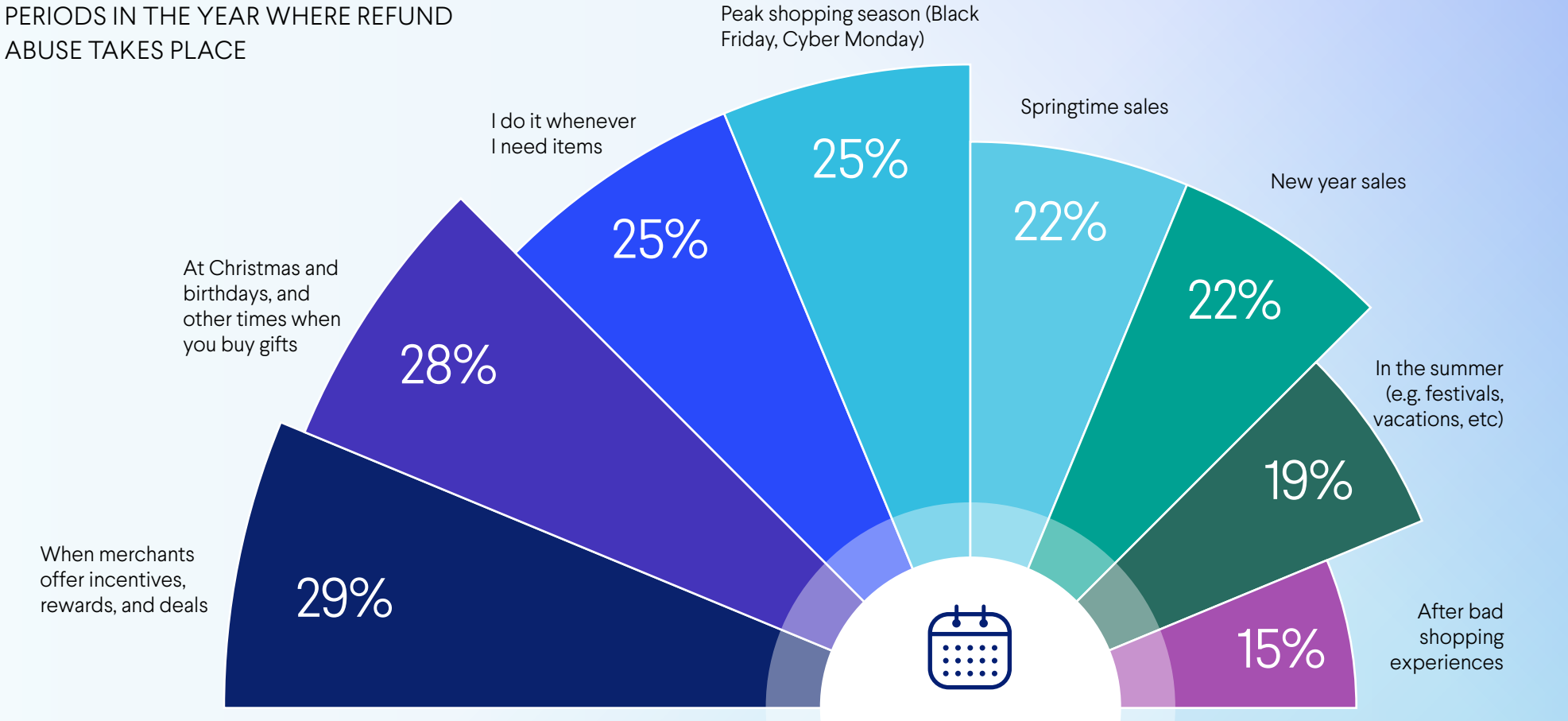
# ABUSERS ARE MOST LIKELY TO STRIKE WHEN BUYING GIFTS AND WHEN OFFERED PROMOTIONS

Nearly a third (29%) of those who've admitted to refund abuse in the past year say they're most likely to bend the rules when merchants offer incentives, rewards, or deals.

25% say they attempt refund abuse during major shopping events such as Black Friday and Cyber Monday, and 22% during traditional sales periods like New Year's.

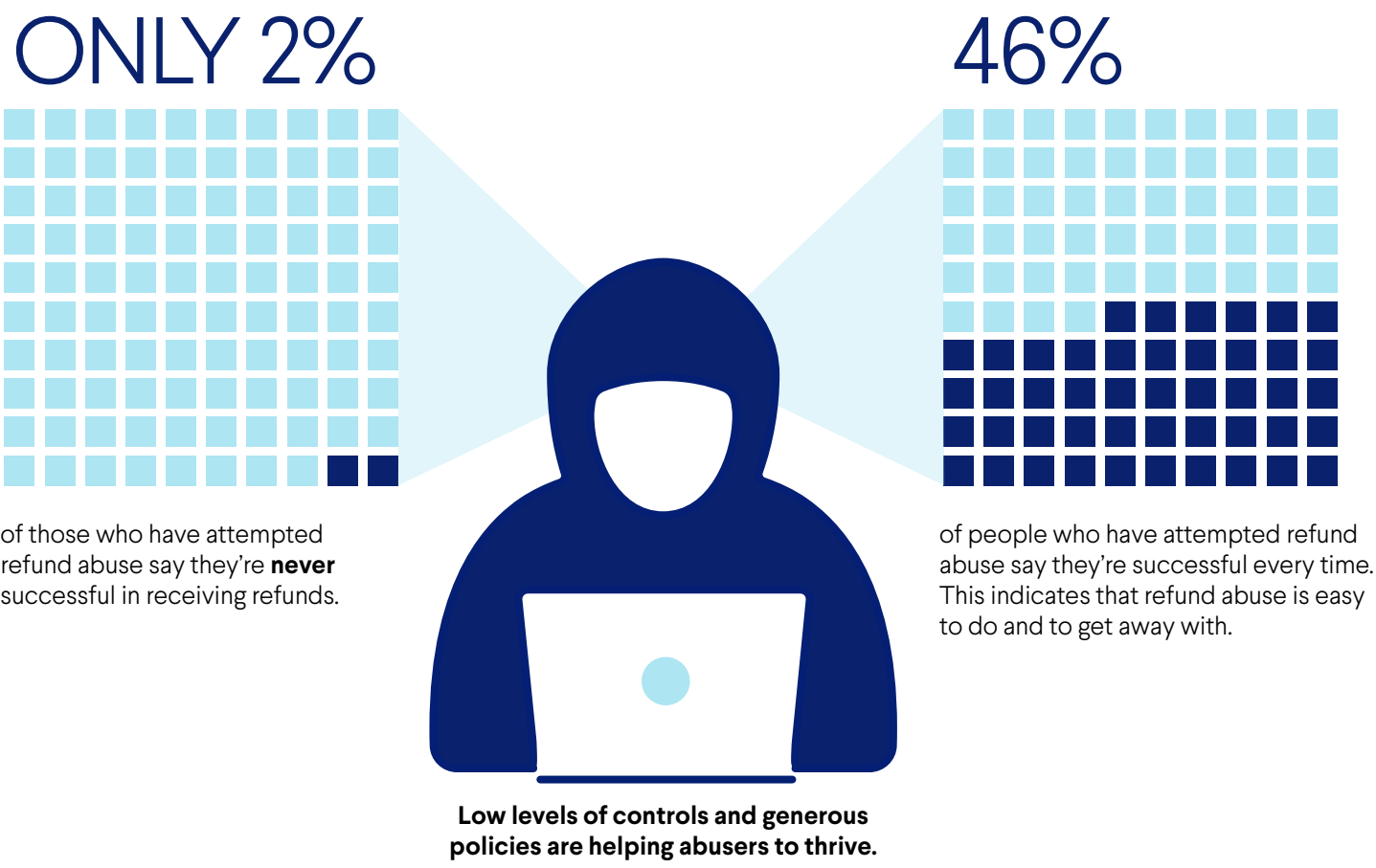
Celebratory occasions also play a role. 28% say they're most likely to commit refund abuse around Christmas, birthdays, or other times when they buy gifts.

PERIODS IN THE YEAR WHERE REFUND ABUSE TAKES PLACE



REFUND ABUSE IS EASY: 98% OF THOSE WHO ATTEMPT IT SUCCEED

AND 46% ARE SUCCESSFUL EVERY TIME



## JUSTIFYING REFUND ABUSE

Refund abusers or those considering refund abuse feel they are **justified in their actions**: 45% say that if a merchant messes up their order, they feel they deserve to get more back than they lost.

33% believe that companies can afford to withstand losses, and another 33% think they deserve the best deal, even if it means bending the rules.

### PERCENTAGE OF REFUND ABUSERS WHO CONSIDER OR AGREE WITH STATEMENTS ABOUT REFUND ABUSE ATTITUDES AND BEHAVIORS



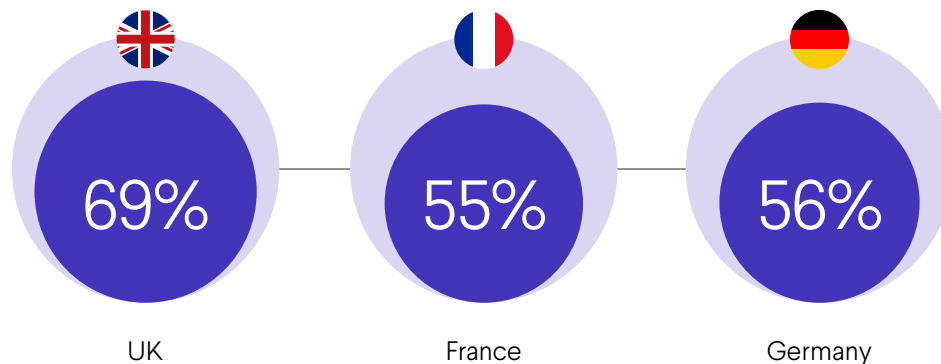
# FREQUENT ABUSERS

## REPEAT REFUND ABUSERS – A GROWING MENACE?

Refund abuse isn't always a one-off. For many, it can be a slippery slope to committing more offenses, more and more often.

Just 14% of refund abusers say they have stopped these activities, while less than half say they are likely to stop in the next year (47%).

BY CONTRAST, MANY MORE REFUND ABUSERS – 60% OVERALL – ARE DOING IT AS OFTEN, OR MORE OFTEN, THAN IN PREVIOUS YEARS.



Frequent abusers (defined as those who have done refund abuse six times or more in the last year) pose the biggest risk and cost. The more often they engage in refund abuse, **the more they'll keep doing it.**



For example, 20% of frequent abusers report buying things online with the intention of returning them, compared to just 3% of all respondents.



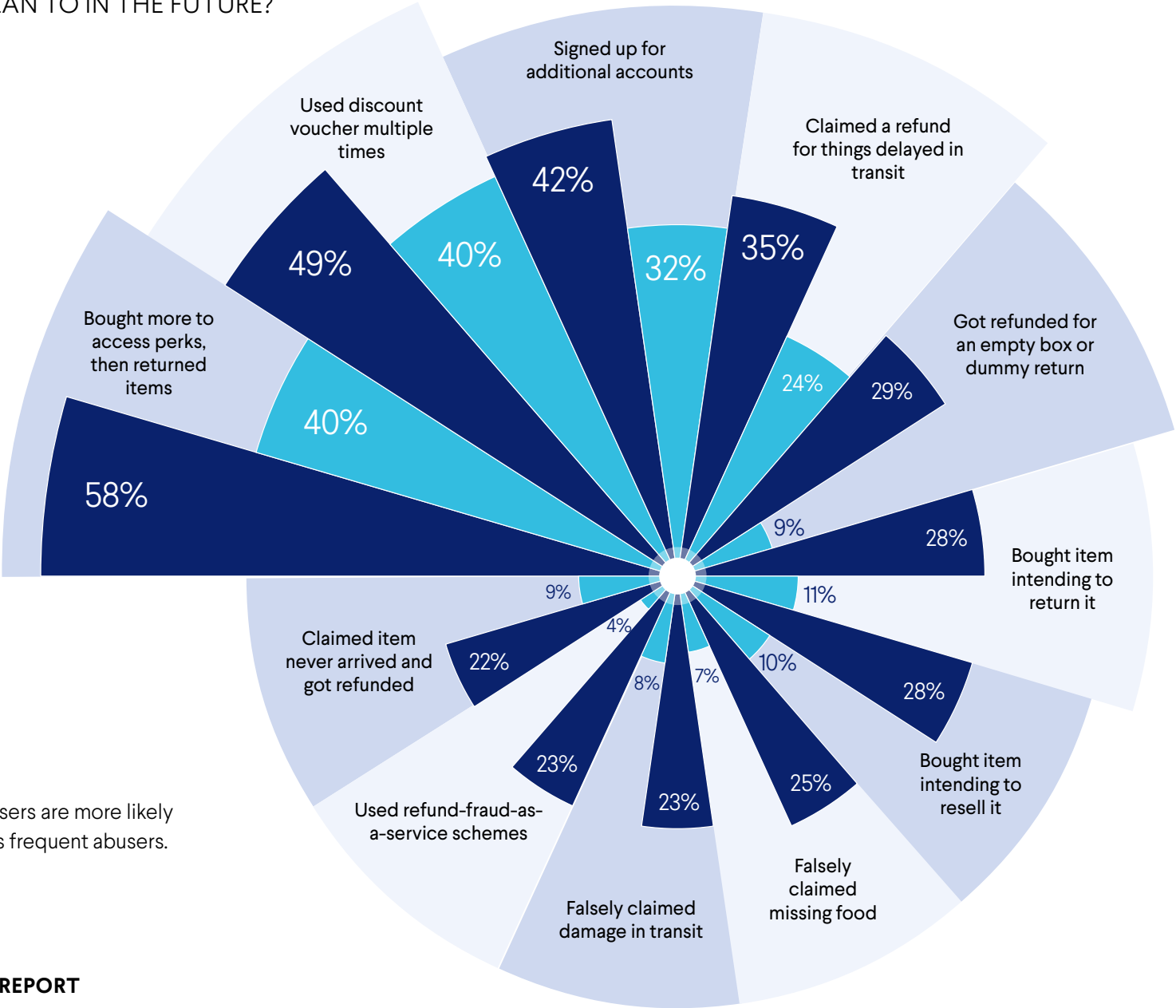
25% of frequent abusers have claimed and received false item-not-received refunds, versus just 5% of all respondents.



45% of frequent abusers bought more things than they wanted to in order to take advantage of high spender offers like free shipping or free returns with the intention of returning the extra items, compared to just 10% of all respondents.

HAVE YOU DONE ANY OF THE FOLLOWING IN THE PAST YEAR OR DO YOU PLAN TO IN THE FUTURE?

- Frequent refund abusers (6+ times in past year)
- Less frequent refund abusers (up to 5 times in past year)



The chart shows that frequent abusers are more likely to engage in refund abuse than less frequent abusers. Full questions overleaf<sup>\*\*\*</sup>

**\*\* Full statements for chart above**

Bought more things than you wanted to in order to take advantage of high spender offers like free shipping / free returns with the intention of returning the extra items

Used a discount or voucher code more than once, or more widely than specified on the voucher

Signed up for additional accounts to take repeated advantage of new customer or one-per-customer offers, vouchers, etc

Claimed a refund for things you bought that were delayed in transit, and then kept the items when they arrived

Knowingly returned, and got refunded for, an empty box or a box containing a dummy return item, rather than the claimed-for item itself

Bought something online with the intention of returning it after using it

Bought items with the intention of reselling them while knowing the seller did not allow this

Falsely claimed that food items you ordered arrived cold, spilt, with the wrong ingredients, or incomplete

Falsely claimed that something was damaged in transit, or was faulty on arrival, and got refunded for it

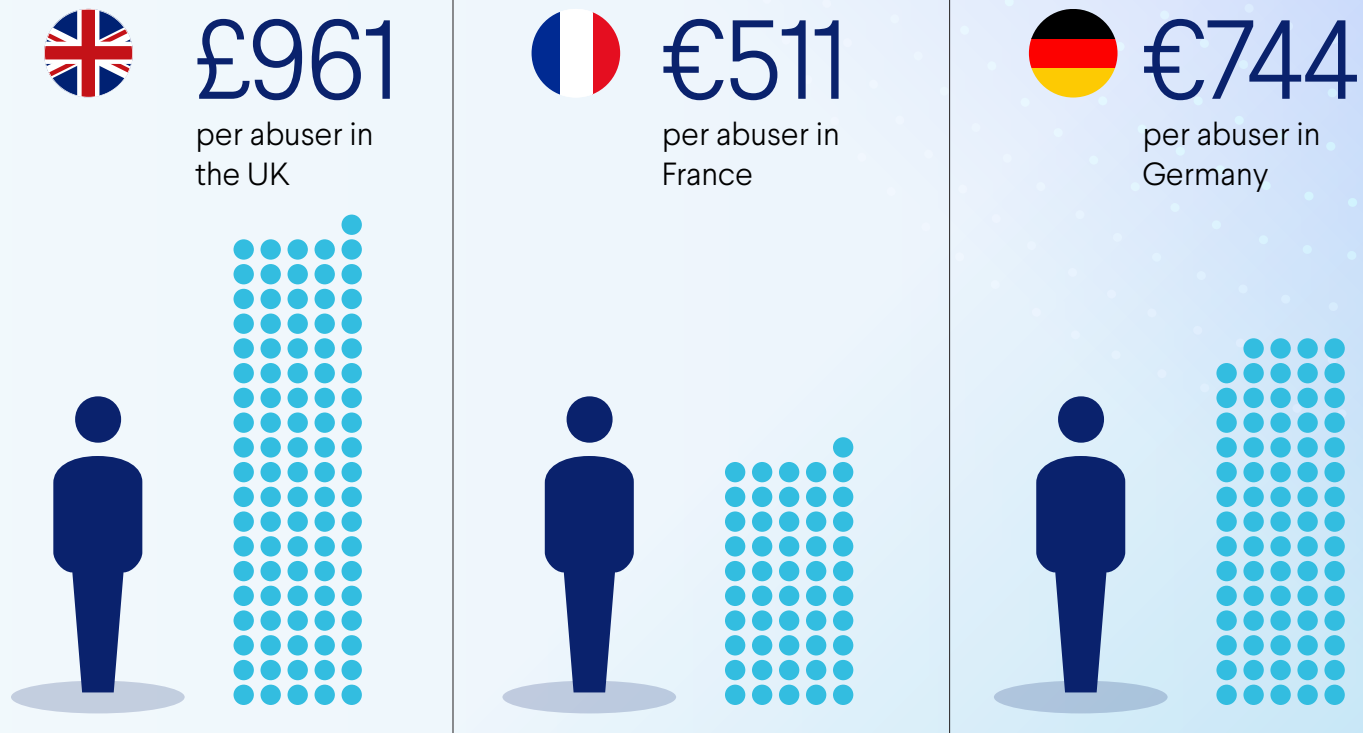
Used illegal refunds-as-a-service schemes which fraudulently obtain refunds for online purchases, and split the profits, without you needing to return any purchases

Falsely claimed that something you bought online never arrived, and got refunded for it

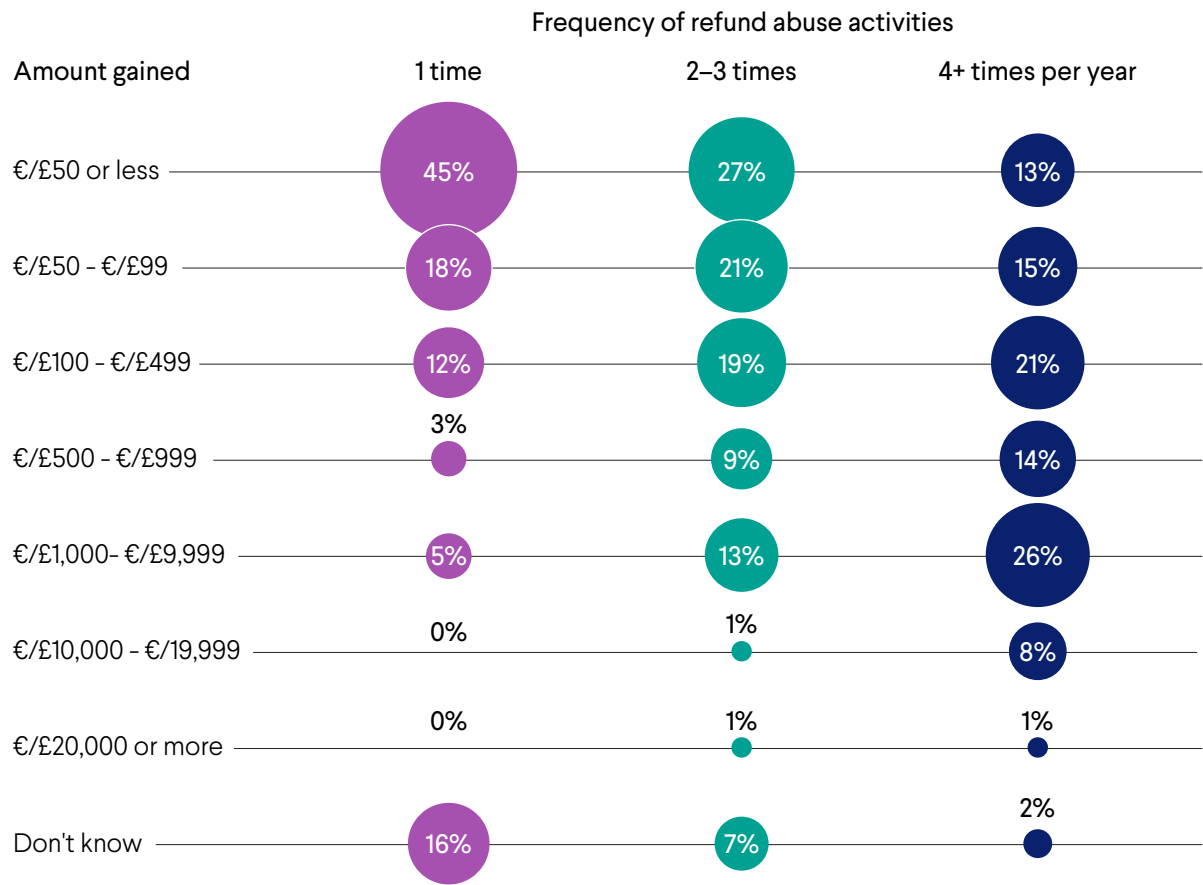


## FREQUENT ABUSERS REPORT HIGHER GAINS

Many see refund abuse as easy money, with few strings attached. On average, our research finds they have gained £/€754 in the last year from refund abuse. Gains reported in the UK are significantly higher than in France.



However, for frequent refund abusers, the data paints a more worrying picture. The more often people attempt refund abuse, the more they gain financially.



Occasional abusers (once per year) report earning an average of

€/£390 per claim

For more moderate offenders (2–3 attempts per year), the reported average is

€/£420 per claim

For the most frequent abusers (4+ attempts per year), the reported average is

€/£491 per claim

In other words, the most frequent abusers cost merchants more not only because they offend more often, but also because **each offense brings a higher financial reward**.

We could attribute this to lower inhibitions as they continue their activities, which lead to bolder claims. Beyond this, those who abuse frequently are known to automate more and to use online forums, including social media, to exchange techniques and information.

## THE MORE THEY DO, THE HARDER IT IS TO STOP

The most frequent abusers are collaborating with professional cybercriminals who provide refund-fraud-as-a-service offerings. Though only a small minority of people admit to collaborating with professionals using such methods, it is by far the most habitual form of abuse.

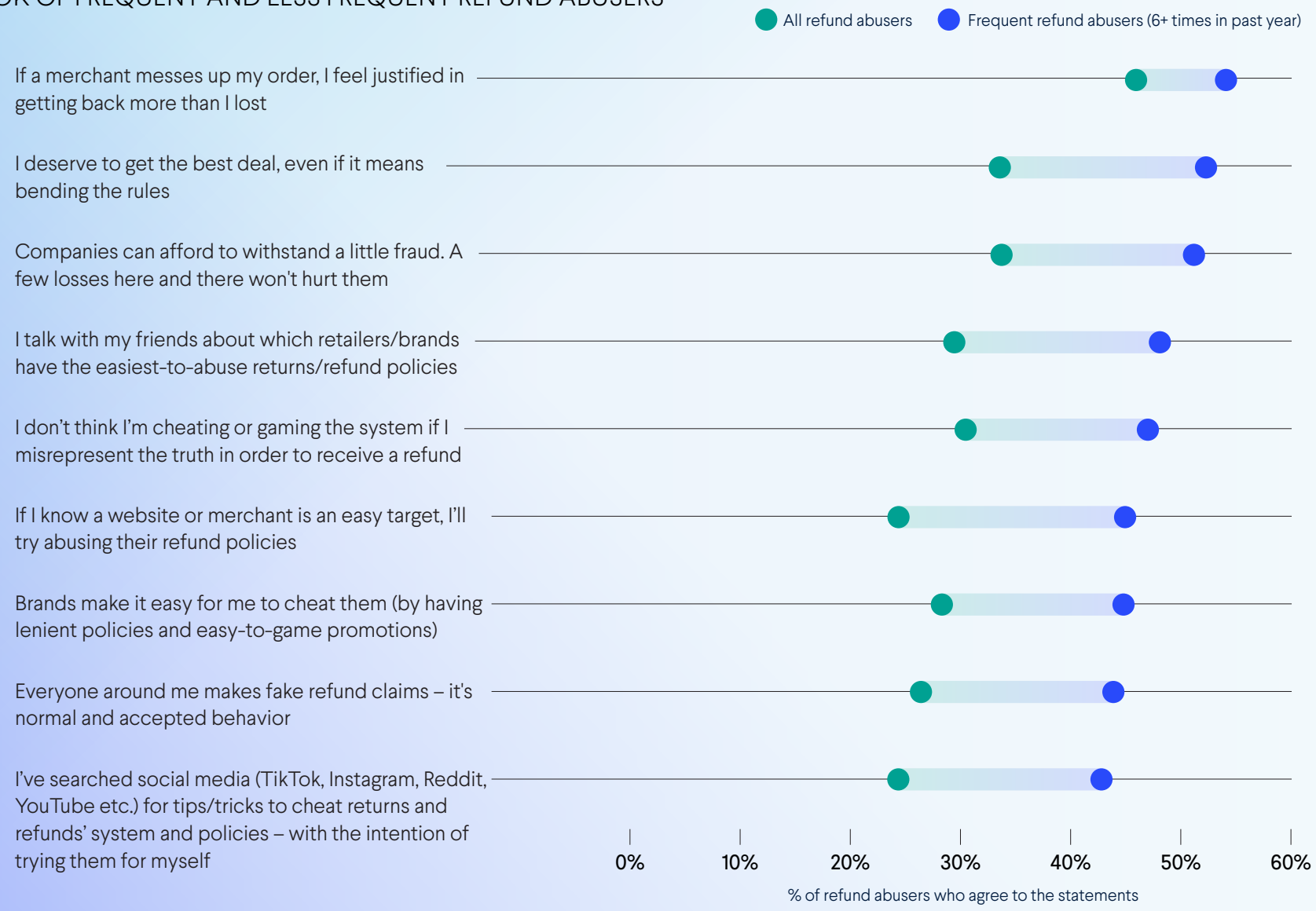
**45% of those who have used illegal Refund-fraud-as-a-service schemes, which fraudulently obtain refunds for online purchases, do it six or more times a year.**

That means those who collude with professional crime for refunds are likely to do so repeatedly.

Other common refund abuse tactics among frequent offenders include falsely claiming that items arrived damaged, incomplete, or spilled (36% of those who commit this activity do this more than six times a year), and buying products with the intention of reselling them where the terms of purchase do not allow for this (35% of those who commit this activity do so more than six times a year).

# FREQUENT ABUSERS ARE MORE BRAZEN IN THEIR ATTITUDES

## OUTLOOK OF FREQUENT AND LESS FREQUENT REFUND ABUSERS



Promotions, deals, and sales are a double-edged sword; while they may drive sales, refund abuse tends to be higher during these times.

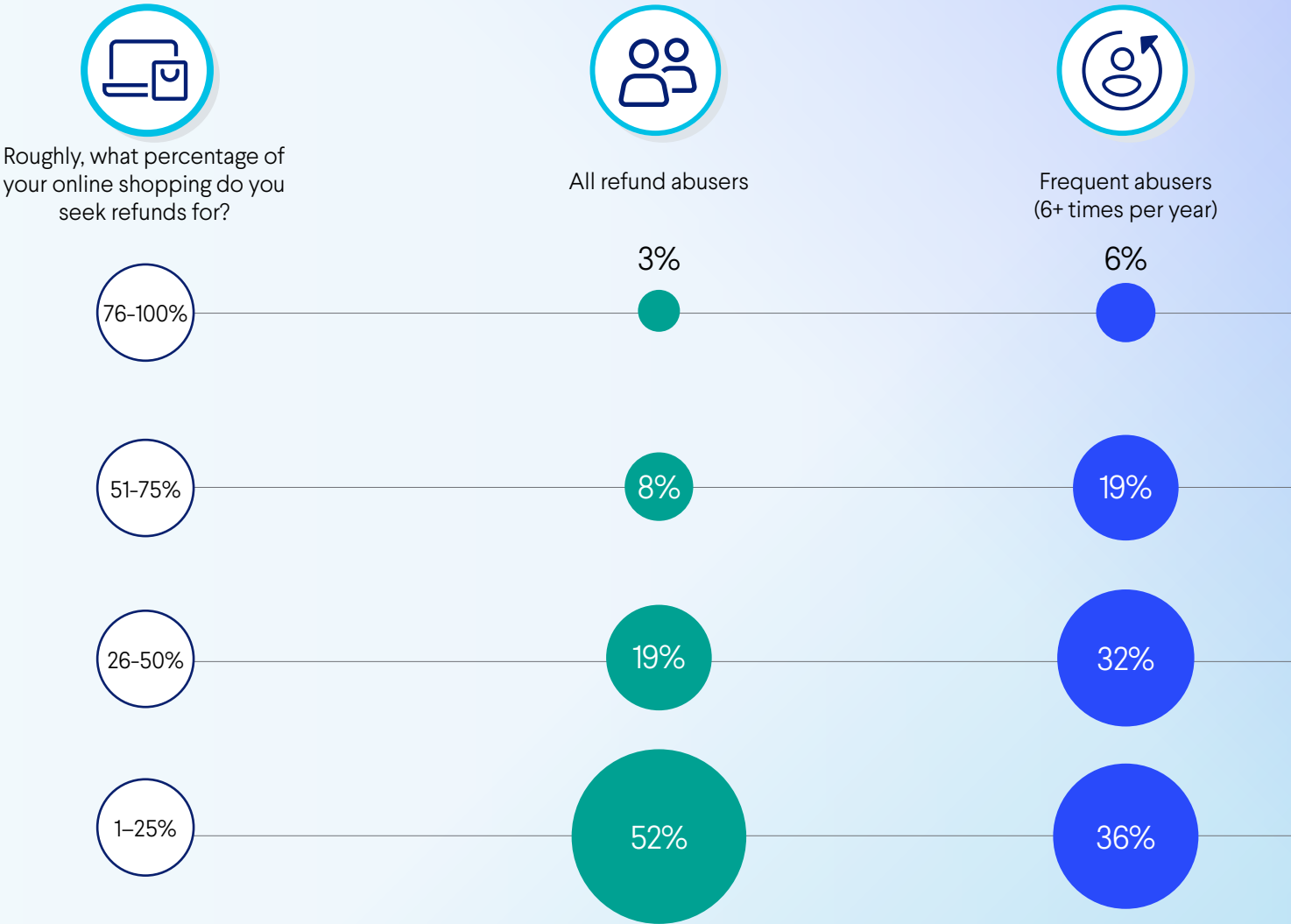
## REFUND ABUSERS LOVE A SALE. HERE'S HOW TO PREPARE

[Marketing campaigns](#) bring refund abusers to the party in larger relative numbers than good customers.

To mitigate the risk, growth teams must engage the fraud function from the start of campaign planning to balance revenue goals with risk protection. They must invest in the right tools to stop fraud while enhancing the experience of genuine customers.

When fraud and marketing teams collaborate, businesses can grow safely without giving fraudsters a free ride.

FREQUENT ABUSERS ATTEMPT REFUNDS FOR MORE OF THEIR PURCHASES



# WHAT COULD PERSUADE ABUSERS TO STOP?

## INCREASED PRESSURE FROM MERCHANTS

Our findings suggest refund abusers and considerers know these actions are wrong, and assertive responses from merchants could encourage them to stop.

Refund abusers and those who plan to commit refund abuse say merchants could persuade them to stop if they:



23%

Offer a better service and experience overall to good customers



18%

Send direct emails or other nudges to abusers about their activity



21%

Threaten police or legal action



17%

Publicly name and shame abusers

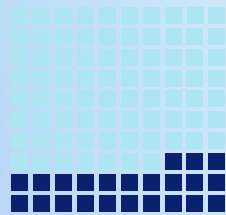


19%

Ban abusers

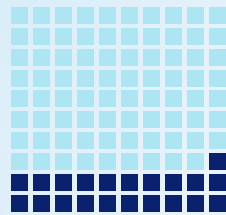


WHICH, IF ANY, OF THE FOLLOWING REASONS MIGHT PERSUADE YOU TO STOP EITHER DOING OR CONSIDERING ANY OF THE ACTIVITIES YOU SELECTED AT THE BEGINNING OF THE SURVEY?



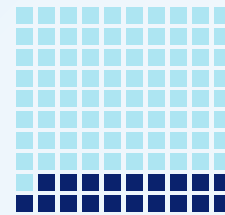
23%

Knowing that I'll get better service / a better experience overall from the merchant if I adhere closely to their terms and conditions



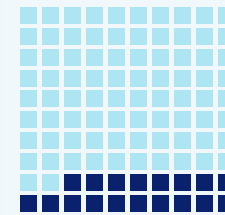
21%

Me or someone I know being threatened with police or legal action



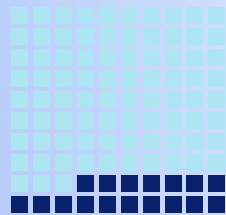
19%

Getting banned by a retailer (or a group of retailers working together)



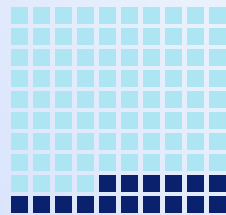
18%

Receiving a direct email or nudge from the retailer about my activity



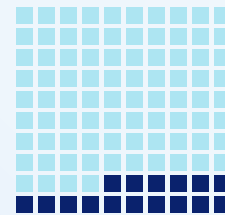
17%

Being publicly named and shamed on social media or in the media for abusing return or refund policies



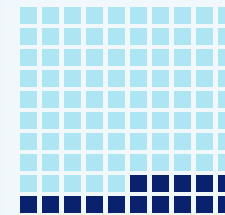
16%

Retailers sharing data with one another to create a cross-brand ban list



16%

Facing delays in refunds, shipping, or service as a flagged customer



15%

Seeing influencers or celebrities publicly punished or dropped by a brand for abusing policies

Overall, **consumers believe merchants are justified** in taking action: 78% of respondents believe it is fair for merchants to ban customers for excessive returns or refunds abuse. Even 72% of refund abusers agree.

At the same time, legitimate customers feel collectively punished by merchants seeking to clamp down on an abusive minority: 75% of all shoppers agree that those who abuse refund policies are making online shopping less pleasant or less convenient for good customers.

## STRIKING THE RIGHT BALANCE ON CLAMPING DOWN

Merchants are noticing refund abuse and are eager to find ways to prevent it.

But they are wary of clamping down too hard on refunds and policy abuse, as seen in [Ravelin's Global Fraud Trends 2025 Fraud & Payments Report](#), which found more than 8 in 10 merchants feel pressured to refund customers despite reasonable suspicions of abuse.

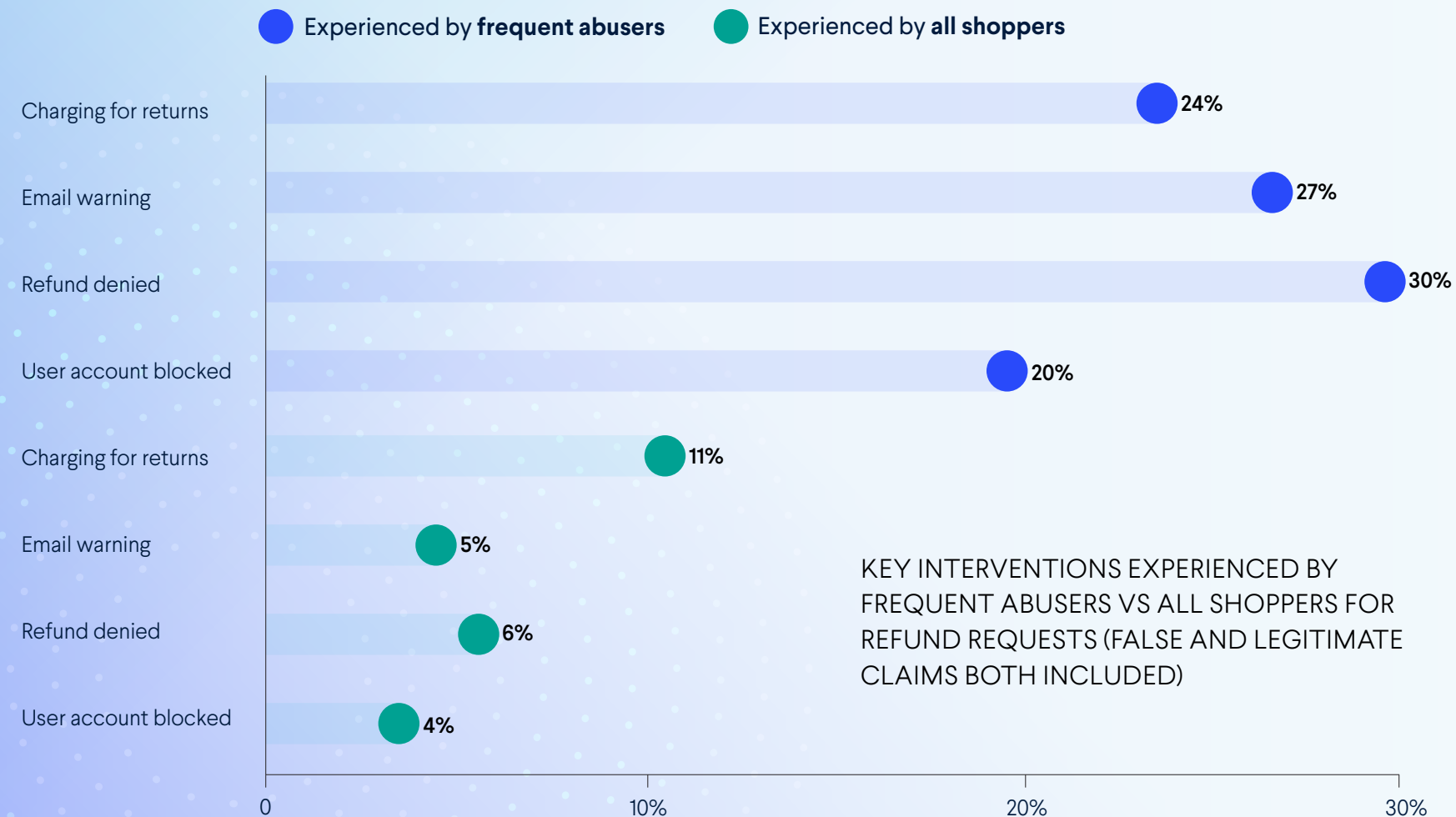
Making the right judgment call on refund abuse can be difficult. Merchants risk increased losses if they are too lenient; reputational harm if they are too severe. Meanwhile, abuse isn't as black and white as fraud – more opportunistic abusers can potentially be rehabilitated, while others are best banned for good. They face a delicate balancing act: stop abusers while rewarding good customers with tempting prices and deals, and low-friction experiences.

The most efficient response involves using your data to your advantage – understanding the various cohorts of refund abusers specific to each business and targeting them with tailored interventions.

## COULD MERCHANTS' INTERVENTIONS GO FURTHER?

Refund abusers are much more likely than ordinary shoppers to be denied refunds and receive written warnings.

Therefore, mitigatory actions by merchants are reaching the right people. However, they're only reaching frequent abusers a quarter to a third of the time, so retailers could do more.



## SECTION B

# REFUND ABUSE AND CUSTOMER LOYALTY

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# EXPERIENCE AND PRICE MATTER MORE THAN LOYALTY

In 2026 and beyond, it seems that brand loyalty is not very important. 41% of all respondents would not describe themselves as loyal to any one retailer, while 28% were neutral in their sentiment.

38% agree that “the concept of loyalty is dead”, rising to 47% among responders who have attempted or considered refund abuse.

A further 31% are ambivalent about the concept of loyalty (neither agreeing nor disagreeing that loyalty is dead).

For 67% of shoppers, convenience is everything. They only shop from merchants that make the buying experience easy.

Meanwhile, 62% just want the best prices: They say low prices make them loyal to a brand.

## ONLINE SHOPPERS' ATTITUDES TO BRAND LOYALTY AND EXPERIENCE

The concept of loyalty for me is dead. I'm only loyal to a brand if I get what I want from it

38%

I believe brands unfairly punish good customers for the actions of a minority who take advantage of them

47%

I think those who abuse refund policies are making online shopping less pleasant/less convenient for good customers

75%

I'm finding the shopping process longer and harder than before. Many retailers are introducing extra steps to clamp down on fraud

35%

Convenience is everything. I only shop from merchants that make the buying experience easy

67%

I would not describe myself as loyal to any one retailer

41%

I believe falsely taking advantage of refunds or returns policies is dishonest behavior

79%

A smooth, friction-free return and refund process is crucial. I return to brands and retailers which make it easy

68%

## BOTS GO SHOPPING – THE IMPACT OF AGENTIC COMMERCE

Increasingly, AI agents browse online shops and make purchases on users' behalf, and it is on the rise as part of the AI boom. This could push shoppers even further from the buying experience, with AI agents instead of humans crawling the web for the best deals.

The agentic commerce trend means personalized shopping journeys might no longer be relevant. Carefully crafted, appealing interfaces are of little value when it's a bot visiting the ecommerce website; offers and marketing copy may never reach the human buyer at all.

Loyalty could start boiling down to whoever can deliver the lowest price in the fastest, most seamless AI agent-enabled way. This agrees with our finding on best prices being top priority, and is likely to boost this approach further.

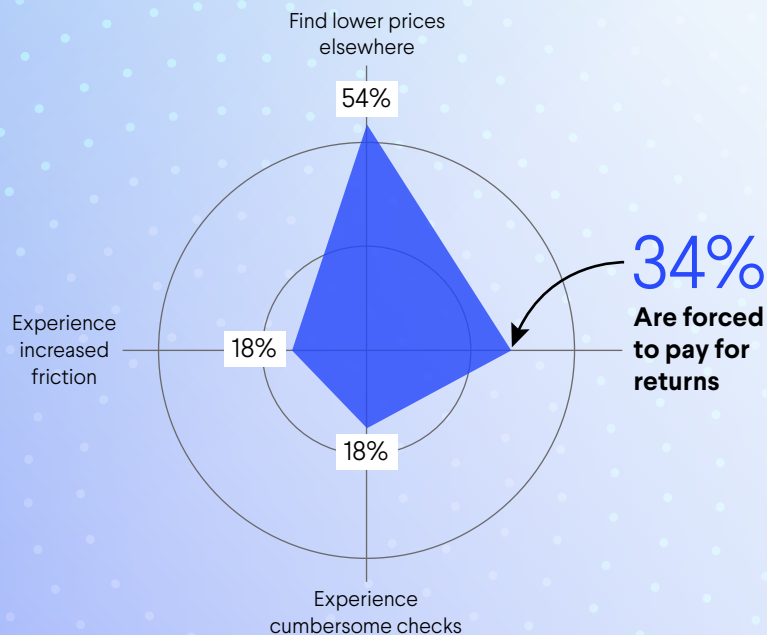


# CUSTOMER EXPERIENCE COULD BE A BIG LOYALTY DRIVER

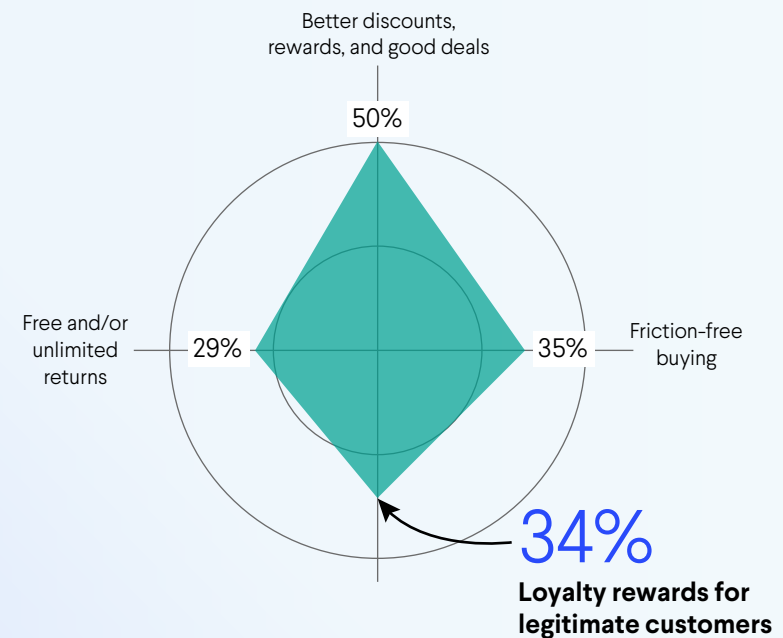
Setting aside low prices, customers prize a smooth, seamless experience and don't want abusers' activity to negatively impact their own legitimate shopping and returns journeys.

In addition to prices, **being forced to pay for returns (34%) is the top reason all consumers could stop shopping with a brand.** This suggests that introducing fees for returns can backfire, potentially pushing away nearly half of all shoppers, rather than only those abusing the system.

CUSTOMERS SAY THEIR LOYALTY COULD BE SWAYED AWAY FROM A BRAND IF THEY:



BUT CUSTOMERS SAY MERCHANTS COULD WIN THEM BACK WITH:





Customer responses highlight a quandary.

People want good deals and free returns, but both of these present risks as they attract fraudsters.

To keep good customers on their side while deterring abusers, merchants must – first and foremost – clearly distinguish between customer types. This is key to rewarding good customers while applying tailored interventions to abusers, including not making promotions available to them.

SECTION C

# REFUND ABUSE AND AI

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# CONSUMERS ARE USING AI TO COMMIT REFUND ABUSE

Abusers say AI tools make it easier to exploit returns and refunds.

**About a third (32%) of those who have engaged in or are considering refund abuse report using or considering AI tools** such as ChatGPT, Claude, or DeepSeek to obtain a fraudulent or fake refund – whether that is to automate letters to customer service, generate fake images to falsify evidence, or a different technique.

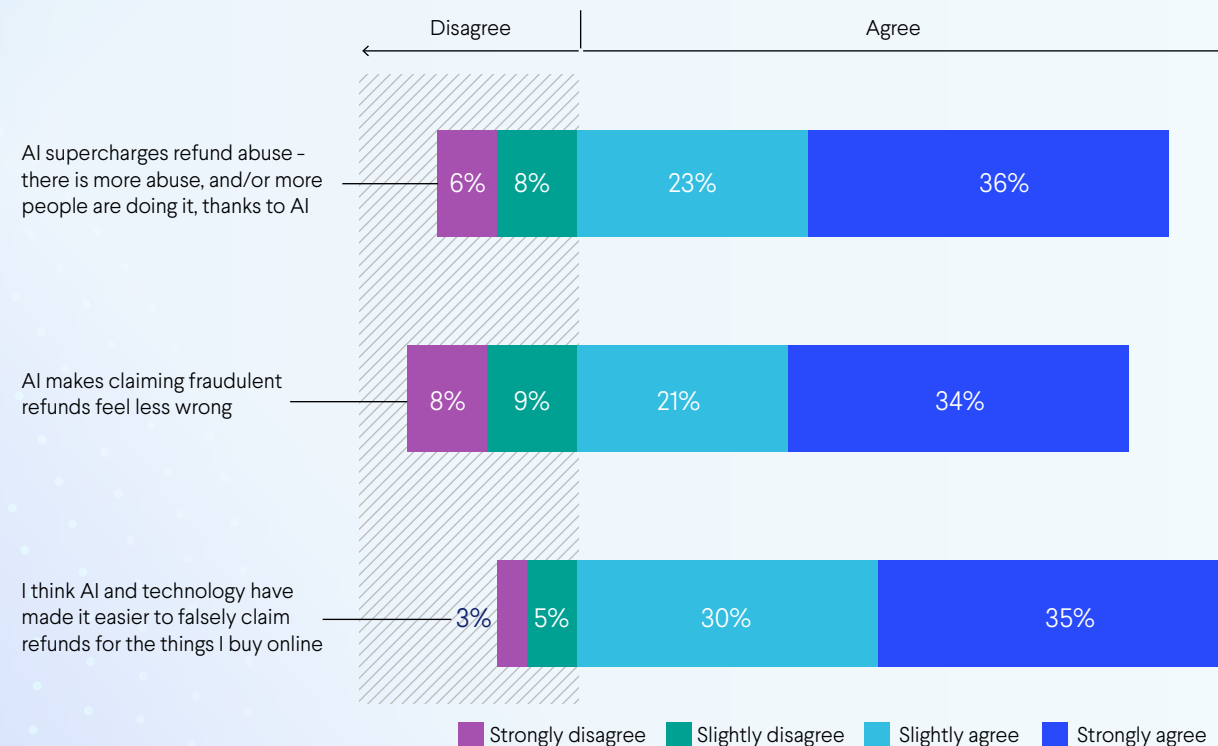
**That rises to 56% among more frequent abusers.**

25% of refund abusers say they use AI mainly to learn techniques and tips for securing fraudulent refunds, 23% to find loopholes in refund policies to exploit, and 21% to draft false refund claims.

These people see AI as part of a package of tools that help them become more efficient in perpetrating the abuse they already intended to commit.

To respond to these increasingly elaborate schemes, AI-powered fraud detection is the most effective line of defense, with data science, machine learning, and behavioral analysis being critical weapons in merchants' anti-fraud arsenals.

HOW STRONGLY RESPONDENTS (WHO HAVE USED AI TOOLS FOR REFUND ABUSE, OR CONSIDERED DOING SO) AGREE WITH SENTIMENTS ABOUT FRAUD AND AI



SECTION D

# ADVICE: HOW MERCHANTS CAN RESPOND

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The report shows that refund abuse is widespread, normalizing, and accelerating. Merchants need a smarter playbook to tackle the problem – one that includes reviewing their refund policies, setting out efficient refund processes, and deploying refund fraud prevention solutions.

## HERE ARE FIVE ACTIONS TO TAKE TODAY:



### 1. SHIFT FROM REACTION TO PREVENTION

Move away from post-hoc checks toward proactive prevention that takes into account a customer's entire history. The data shows that people who engage in refund abuse multiple times are far more likely to continue doing so increasingly often, so there is a degree of predictability. Intervening early prevents opportunistic behavior from becoming habitual, while looking at the bigger picture helps flag issues not identifiable when reviewing individual refund claims.



### 2. IDENTIFY AND SEGMENT CUSTOMER COHORTS

Refund abusers are not a single group. Merchants must distinguish not just between good and abusive customers, but go further based on their techniques and habits. This way, specific interventions can be identified for specific subgroups. This includes, for example, some opportunists who can be nudged back to good behavior, and chronic offenders who should face tighter controls, or professionals to be banned entirely.



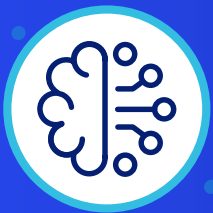
### 3. APPLY TAILORED INTERVENTIONS, NOT BLANKET FRICTION

Once you know which cohort each belongs in, you will want to target abusers with specific measures such as warnings, denials, or account blocks. At the same time, you will be able to confidently and safely offer incentives and maintain a fast, friction-free experience for good customers to protect loyalty and revenue. This is one of the multiple ways sophisticated fraud detection can boost profits, not just cut losses.



### 4. STRENGTHEN CONTROLS DURING HIGH-RISK PERIODS

Sales, incentives, major shopping events, and gift-buying periods can be peak opportunities for refund abuse. As a fraud team, aligning with Marketing and other growth functions can not just help balance growth and risk, but gains you wider company buy-in for deterrent interventions.



### 5. MAKE AI PART OF YOUR FIGHT AGAINST REFUND ABUSE

It is practically impossible to contain fraud or abuse today with static fraud rules. Instead, merchants must shift and evolve in line with abusive behaviors. Every merchant's fraud and abuse is different, so their data is valuable. And just like abusers increasingly rely on AI to support their false claims, merchants must deploy AI-powered fraud prevention tools, drawing on machine learning, GenAI, natural language processing (NLP), and more innovation, to stay ahead.

### Ravelin's Refund Abuse solution

Leveraging machine learning models to continuously learn and providing granular reporting, the solution unlocks a strategy that looks at your refunds holistically. Real-time link analysis helps uncover fraudulent networks and multi-accounting, while customizable rules give fraud analysts the tools to easily apply new policies and interventions.

Ravelin's Refund Abuse solution is key to a strategy that discourages abusers, blocks fraudsters, and crafts smooth refund journeys for genuine customers – thus boosting brand loyalty.

[Learn more about beating refund abuse and unlock better customer experiences with Ravelin's Refund Abuse solution.](#)

# 10.7bn

fraud scores a year calculated

# \$62bn

in transactions processed

# 340+

merchants protected



# METHODOLOGY & DEMOGRAPHICS

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Ravelin commissioned a survey of 6,282 adult consumers, drawn from the UK (2,115 respondents), Germany (2,095 respondents), and France (2,072 respondents) who have shopped online in the last six months.

The survey was designed to understand people's attitudes and behaviors toward refund abuse, loyalty, and AI use for refunds.

All charts and data points in this report are based on this survey, unless stated otherwise.





# Thank you for reading our Refund Abuse Report

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Get in touch today to discuss how Ravelin can help prevent refund abuse at your company, as well as wider fraud and abuse, including payment fraud, account takeover attacks, promo abuse, and supplier fraud. We also build 3D Secure and transaction optimization solutions.

**Book a call at [ravelin.com/contact-us](https://ravelin.com/contact-us).**

## Questions? Comments?

Please write to [marketing@ravelin.com](mailto:marketing@ravelin.com)

**We frequently release new findings in fraud and payments.**

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