Consumer Reports

Scams and Platforms

The Problem for Consumers

Online scams are a massive problem for consumers. According to the FBI, Americans reported losing $16.6 billion to online scams, a 33 percent increase from the year before. But most people don't report given the unlikelihood of action, so the true cost is likely much higher: the Consumer Federation of America estimates that the true amount consumers lose each year to online scams to be **$119 billion**.[1]

The problem is made markedly worse by large online platforms that profit from ads for scams and who fail to take action against even the worst offenders. Last year, Reuters released a blockbuster report alleging that Meta's internal documents projected that 10% of its entire annual revenue — $16 billion — would come for ads for scams or illegal products.[2]

While it is not possible for Meta to stop every fraudulent ad on its platform, the Reuters report details that the company was aware of the scope of the problem and refused to take reasonable steps to stem the flood of 15 billion fraudulent ads shown on the platform every year:

- Meta only banned advertisers if its systems are at least 95% certain they are committing fraud. If the company suspects fraud but is less certain, they simply charge higher ad rates;
- When users clicked on scam ads, Meta's ad personalization then targeted them with additional scam ads;
- Meta's own documents estimated that Meta is the source of one-third of all successful scams in the U.S.;
- Multiple accounts earning Meta's internal designation of "Scammiest Scammer" of the month were not shut down until Reuters flagged them during the reporting of its story;
- Meta had an internal policy that prevented the team responsible for vetting advertisements from taking actions that would cost Meta more than .15% of its total revenue;
- Safety staffers were explicitly told not to limit their use of Meta's computing resources, instead being directed to "just keep the lights on."

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[1] The Scam Economy: The True Cost of Online Scams and Crimes in America, Consumer Federation of America, (Mar. 11, 2026), https://consumerfed.org/news/reports/the-scam-economy/.
[2] Jeff Horwitz, Meta is earning a fortune on a deluge of fraudulent ads, documents show, Reuters, (Nov. 6, 2025), https://www.reuters.com/investigations/meta-is-earning-fortune-deluge-fraudulent-ads-documents-show-2025-11-06/.

Scams are also becoming superpowered due to AI. Generative AI tools can easily generate personalized solicitations at a far greater scale than manual attempts. Moreover, generative AI can increasingly create realistic audio and video to simulate celebrities endorsing products, or even impersonate family members asking for help in an "emergency." Last year, CR released a report looking at six leading companies that let anyone create voice clones and found that most do not institute reasonable safeguards to prevent their systems from being used for fraud or abuse.[3]

Platforms and AI tool providers already arguably have obligations under existing consumer protection law to take reasonable, cost-effective action to prevent harm caused by malicious use.[4] However, the law is ambiguous and enforcement has been rare. Moreover, some authorities have found that Section 230 of the Communications Decency Act shields platforms and tool providers from liability from the actions of others — even if they had the capacity to take action to remediate.

Consumer Reports' Positions

CR supports legislation that would impose obligations on platforms and AI tool providers to take basic steps to prevent abuse. This could include: know-your-customer obligations for advertisers and users of voice/image cloning services; affirmative monitoring obligations for misuse; strict timelines to respond to good-faith reports of fraud or other illegal activity. CR has supported federal and state legislation that would impose these mandates, including the bipartisan SCAM Act.

Creating new affirmative obligations under the law for platforms and tool developers can impose responsibility while avoiding Section 230 preemption, as liability would stem not from responsibility for the actions of others, but for failure to meet clearly delineated monitoring responsibilities imposed by statute.

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[3] Grace Gedye, *AI Voice Cloning: Do These 6 Companies Do Enough to Prevent Abuse*, Consumer Reports Innovation, (Mar. 20, 2025), https://innovation.consumerreports.org/AI-Voice-Cloning-Report-.pdf.

[4] Press Release, *Consumer Reports calls on the FTC and state attorneys general to take action against Meta for its failure to mitigate harmful scam advertisements*, Consumer Reports, (Nov. 13, 2025), https://advocacy.consumerreports.org/press_release/consumer-reports-calls-on-the-ftc-and-state-attorneys-general-to-take-action-against-meta-for-its-failure-to-mitigate-harmful-scam-advertisements/.