

SCAMS & FRAUD

Read This Before Accepting a Stranger's Check

Fake-check scams flourish, as criminals take advantage of the delay before a payment clears

By Matt Alderton, AARP Comments

Published January 17, 2025 • EN ESPAÑOL



ROB DOBI



Last summer an order for 1,000 sweet cupcakes turned sour for California baker Loria Stern, owner of Eat Your Flowers bakery in the Highland Park neighborhood of Los Angeles.

A self-taught baker, botanist and gardener, Stern began creating and selling botanical-inspired cookies and cakes from her home kitchen in 2016. Although she's witnessed plenty of scam attempts since then, she was stunned by the one perpetrated by a fraudulent customer who called herself Zoe Madison.



Subscribe to the Sisters Newsletter From AARP newsletter

A free email newsletter celebrating Black women—we hope to inspire and uplift you.

Stern told her local TV news station KTLA that she received a legitimate-sounding email from Madison for an order of 84 dozen standard-sized cupcakes for a two-day event. The customer mailed Stern a check for \$7,560 as payment, then — just days before she was scheduled to pick the cupcakes up — emailed the baker with a request to cut her order in half. Citing budget constraints, Madison asked Stern to issue a refund for the difference between the original order and the new one.

"The next day, 24 hours before she was supposed to pick up the cupcakes, the funds were withdrawn from my account and it was cited as a counterfeit check," Stern said. "This was just a really advanced and a really intricate scam."

Although they're new to victims like Stern, fake-check scams — also known as cash-back scams — have been defrauding individuals and businesses for years, observes John Breyault, vice president of public policy, telecommunications and fraud at the National Consumers League, a nonprofit whose mission is protecting consumer welfare. "When I started doing this work 16 years ago, this was the number-one complaint we were hearing about from consumers, and the setup hasn't changed much in that time," he notes.

Even in the digital age, paper checks remain a common and trusted form of payment for millions. If you want to keep the funds in your own checking account safe, it's vital to understand what fake-check scams look like and how to spot them.

How fake-check scams work

This scam is "classic," echoes Andrew Morris, director of innovation technology at America's Credit Unions, a trade association representing credit unions nationwide. "There is an alleged overpayment for goods and services," Morris explains. "The person who is writing the check claims fraudulently that they have overpaid, and they ask the person accepting the check to send back or refund them the overpayment. And, of course, there is no legitimate overpayment at all." That's because the initial check is destined to bounce.

Why does this scam work? "Federal law requires banks to make funds from checks available to the consumer quickly, usually within 24 to 48 hours," Breyault explains. "But consumers don't always understand: Just because the funds are available, doesn't mean it's a legitimate check."

Although the bank has accepted the check and is making those funds available to you, it still needs to verify with the issuing bank that the funds exist.

Say you receive a check for \$1,000. "Essentially, what the bank is doing is floating you, the account holder, a short-term no-interest loan in the amount of \$1,000 where the collateral is this check that they anticipate will clear," Breyault continues. "What happens in a fake check scam is that when your bank goes to the issuing bank, that bank tells them, 'This account doesn't exist.' So, your bank will then issue a negative charge on the account."

If you've already withdrawn the funds, you might be in trouble. "Let's say the scammer says, 'I overpaid you by \$500, so I need you to wire it back to me.' Now, you're left owing your bank \$500," says Breyault, who regularly sees losses that dwarf that amount. "Six-figure losses are not uncommon, unfortunately."



ENTERTAINMENT

AARP Theater

Free plays, concerts, musicals, dance performances and more

Different spins on fake-check scams

"There's an infinite number of scenarios," says Breyault, but he notes several common schemes where this check scam is often incorporated:

Job scams. A scammer hires you to be a mystery shopper or personal assistant. They send a check, instruct you to keep a portion of it as your payment and spend the rest on gift cards, then request the cards or the numbers on the back of them as proof that the task was completed.

Lottery scams. A criminal sends purported winnings by check and asks you to send a portion for taxes to an associate masquerading as the IRS.

Online-shopping scams. A scammer responds to your listing on eBay or Facebook Marketplace and asks you to ship them the merchandise. They send a check for the requested amount plus extra for shipping, which they ask you to wire to their associate posing as a shipper.

How to protect yourself from fake-check scams

Keep your personal information private and practice good digital hygiene. Adjust your privacy settings on social media, set up two-factor authentication for online accounts, use a virtual private network (VPN) to connect to the internet, and sign up for an identity protection service in case of [data breaches](#), suggests Joshua Terry, director of product management at digital security and identity protection company Aura. "Scammers can use your digital footprint to personalize messages to you and to get your contact information, including your mailing address, to actually send you these checks," he notes.

Refuse overpayments. "Don't accept overpayments for goods and services," Morris says. "Reject the check and say, 'I'm sending it back!'"

Beware of urgency. A sense of urgency is a red flag for scams of all sorts. "That is doubly true when it comes to fake check scams, because the scammers are on a clock," Breyault says. "There's a limited time between when you deposit the check and when the bank catches on that it's fake. That could be hours or days, but the scammer only has that limited window, so they're going to put a lot of pressure on you to send the money."

Avoid less-secure payment methods. Some refund requests are legitimate. But if the requester asks for payment through an unusual channel, that's suspect. "If somebody sends you a check and asks you to deposit that into your account, then send a portion of those funds somewhere else, that's a red flag," Breyault says. "It's a double red flag if they want you to send the money through one of these unsecure payment methods: wire transfer, peer-to-peer payment apps [like Venmo and Zelle], [crypto](#), ATMs, [gift cards](#) — any of those in a solicitation should set off alarm bells."

Practice patience. Although it might take several business days or even longer, depending on the bank and the size of the check, you should wait for checks to fully clear before you withdraw funds, advises Morris. "Checks are physical instruments, so you have to wait for them to be processed and imaged, and then there is a clearing and settlement process," he says.

Check your checks. One more line of defense is the check itself. "There are red flags that might be evident on the face of the check itself," Morris says. "Things like mismatched addresses, a signature that isn't the name of the person who is presenting the check to you, an unusually large amount, evidence that items have been scratched out and revised — all of these kinds of things can be a sign that you are being scammed and that the check is fraudulent."

Report fake-check scams

If you think you've been targeted by a fake check scam, report it to the FTC at [reportfraud.ftc.gov](#), to the FBI's Internet Crime Complaint Center at [ic3.gov](#), local police, and to your financial institution.

"Contact your bank as soon as you recognize what's going on," Breyault says. "Recouping your funds is incredibly rare in my experience — banks are not required to reimburse you if you send the money of your own accord — but if you ask the bank and explain to them what happened, they may be willing to help you get your money back. That happens in very, very few cases, but it's worth a shot."

Matt Alderton is a contributing writer who specializes in health and wellness, travel and technology. His work has also appeared in USA Today, Forbes and The Washington Post.

Most Popular

HEALTH

Medications that Can Harm the Liver

HEALTH

Do You Still Need a Mammogram After 75?

MONEY

Amazon Prime vs. Walmart Plus: How Do These Rival Memberships Compare?

HEALTH

What Your Eye Color Can Say About Your Health



HAVE YOU SEEN THIS SCAM?

- Call the AARP Fraud Watch Network Helpline at 877-908-3360 or report it with the AARP Scam Tracking Map.
- Get Watchdog Alerts for tips on avoiding such scams.

[Report a Scam](#)
[Sign Up for Watchdog Alerts](#)


TWO MORE YEARS OF MEMBERSHIP. ONLY \$25 WHEN YOU SWITCH TO AUTOMATIC RENEWAL

Plus, receive a gift. Expires 3/18.

[Update to Auto Renew](#)