



**EQUIFAX®**

Report

# Surging Automotive Fraud a Significant Area of Concern for Businesses and Consumers

H1 2024 | Equifax Canada Market Pulse Fraud Trends

September 2024

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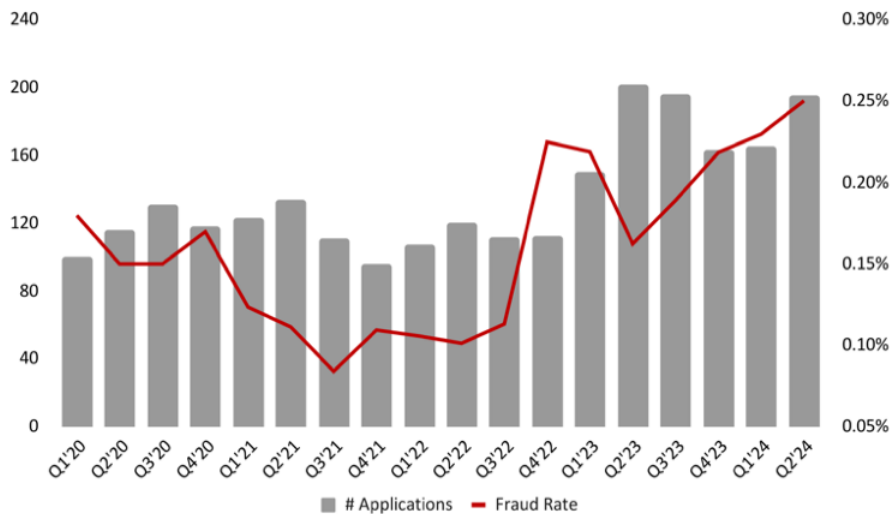
Equifax Canada reports that while application fraud is down in some areas, automotive lenders are seeing a surge in fraud. According to new data from Equifax Canada\*, automotive fraud is up by 54 per cent year-over-year and is largely driven by falsified credit applications and the continued prevalence in identity theft. Ontario has experienced the most significant increase in auto fraud rates, doubling since Q2 2023.

\* Equifax data pulled from Q1 2020 to Q2 2024.



# Auto applications indexed at Q1'20

% Auto Fraud Rate



In addition, first party fraud (fraud in which the borrower knowingly uses their own personal information to commit fraud) continues to be the most prevalent type of misrepresentation in automotive. "Automotive fraud is a significant pain point for both businesses and consumers," said Carl Davies, Head of Fraud and Identity at Equifax Canada. "Consumers choosing to falsify their income, employment, and financial information to secure credit are a growing concern for lenders. This deceit may provide short-term financial gains for the consumer, but certainly can lead to long-term consequences such as loan denials, damaged credit, and legal ramifications."





## Synthetic Identity Fraud on the Rise

Overall, the proportion of identity theft in credit applications continues to grow with 48.3 per cent of all fraud applications flagged as identity fraud in Q2 2024, up from 42.9 per cent in Q2 2023, according to data from Equifax Canada. While the proportion of true identity fraud remained the same at 39.4 per cent, there has been a rise in synthetic identity fraud, where criminals combine real and fake data to create new identities. The incidence of synthetic identity fraud rose from 2.8 per cent in Q2 2023 to eight per cent in Q2 2024.

"The rise in true identity fraud along with synthetic identity fraud, underscores the need for enhanced fraud detection across digital platforms where these crimes are increasingly being perpetrated," added Davies. "The increase in digital transactions has made it easier for fraudsters to exploit weaknesses in current fraud prevention measures."

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### Carl Davies

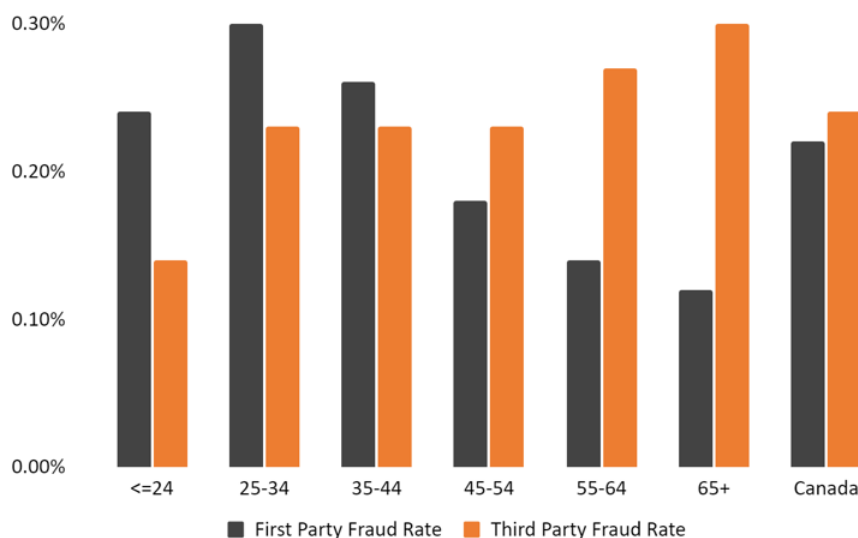
Head of Fraud and Identity,  
Equifax Canada



## Other Notable Trends

**Identity Fraud:** Older consumers with high credit scores are increasingly being targeted. Forty per cent of third-party identity fraud cases involved victims with credit scores above 800 (which is considered excellent), and 76 per cent of these consumers had no prior delinquency on their credit files.

% Fraud Rate

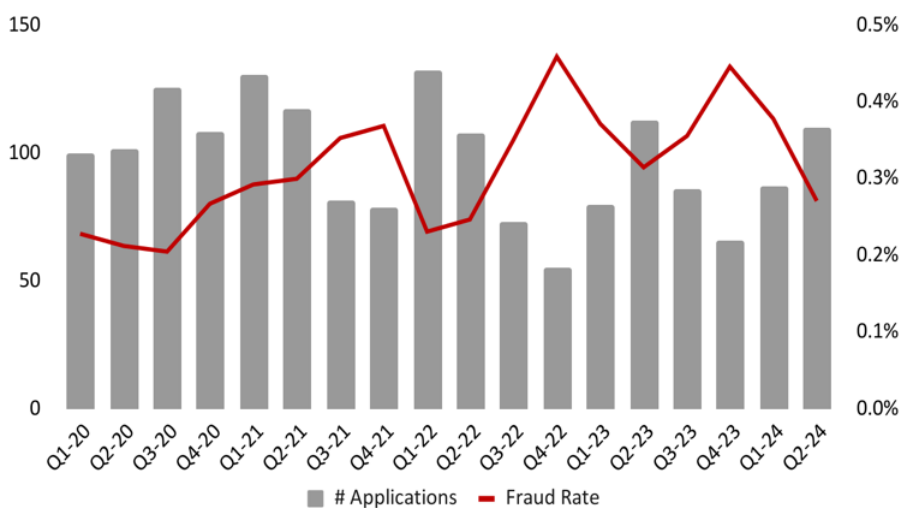


Source: Equifax Canada

**Mortgage Fraud:** Across Canada, mortgage fraud rates have dropped by 16.3 per cent year-over-year. Alberta is the one exception with mortgage fraud on the rise, often involving falsified income and employment documentation.

# Mortgage applications indexed at Q1'20

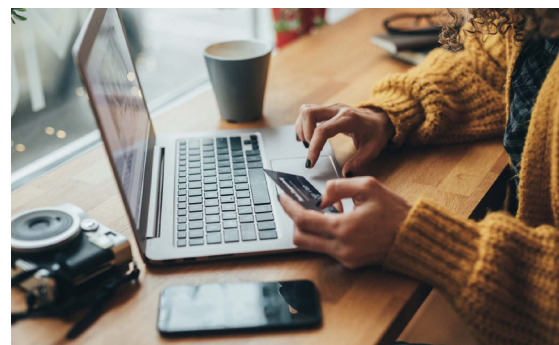
% Mortgage Fraud Rate



Source: Equifax Canada

**Deposit Fraud:** Deposit fraud, which occurs when fraudulent transactions or payments are made to recently opened accounts, has also experienced a sharp increase, growing from 27.4 per cent of first-party fraud in Q2 2023 to 41.2 per cent in Q2 2024, much of which was driven by the telco industry.

As fraudsters adapt and refine their tactics, it's important for [businesses](#) and [consumers](#) to stay vigilant by using [ID theft protection tools](#) that can detect fraud early through timely alerts on credit report changes. Effective fraud prevention includes verifying identities, cross-checking financial documents, and staying informed about regional fraud trends—key measures that can help mitigate the growing threat of fraud for Canadian consumers and businesses alike.



For more information on fraud prevention, visit [Equifax Canada's website](#) and the [Canadian Anti-Fraud Centre](#).

## How Equifax can help you mitigate fraud and identity risks

Equifax Canada's FraudIQ Manager™ is a cloud-based, fraud prevention platform powered by advanced analytics and rich data sources. It offers seamless integration into customer application processes and empowers businesses to mitigate risk in real time and prevent future fraud losses.

The platform leverages the power of Equifax's FraudIQ® Exchange, Canada's largest known fraud exchange, consisting of multi-sector fraud data from top banks, financial institutions, telecoms, auto, and other organizations. The platform is backed by industry-leading expertise and experience, with over 36 million annual assessments enabled for users each year. Equifax's fraud prevention platforms have helped organizations prevent over \$2.5 billion annually in fraud loss.

Get the power of FraudIQ Manager working for you. Learn more here:

<https://www.consumer.equifax.ca/business/fraudiq-manager>

## Contact an Equifax Fraud Consulting Team member to learn more about how we can help you reduce risk and loss due to fraud

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