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Report

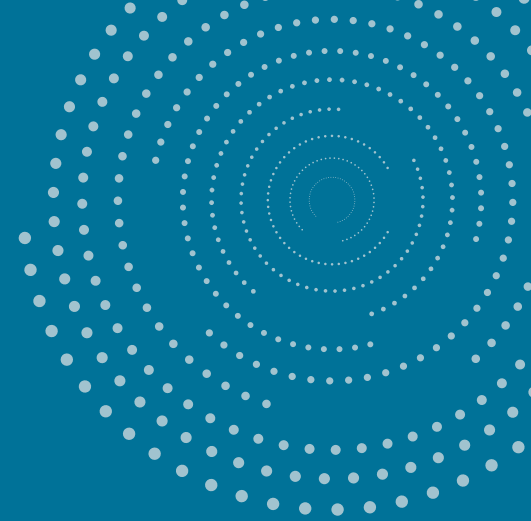
First-Party Fraud Rises Amidst Economic Pressures

H2 2025 | Equifax Canada Market Pulse Fraud Trends

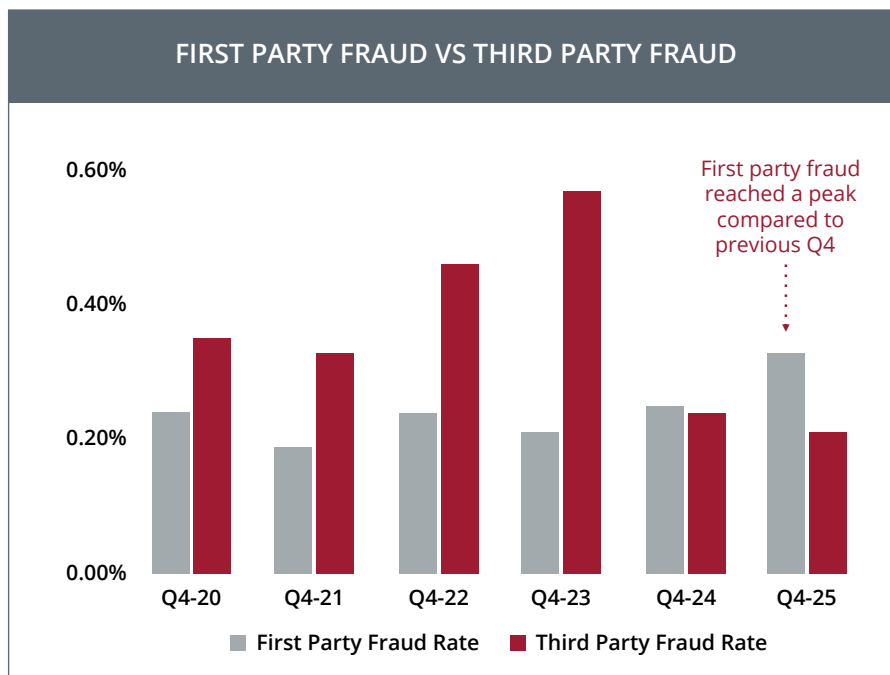
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Equifax Canada's Market Pulse Fraud Trends and Insights Report for the second half of 2025 reveals a troubling shift toward first-party fraud, where individuals intentionally misrepresent their own financial information.



First party fraud rates across Canada have increased, climbing 31 per cent year-over-year between Q4 2024 and Q4 2025. Rates were higher among consumers in Ontario and Alberta, as well as among younger demographics nationwide.



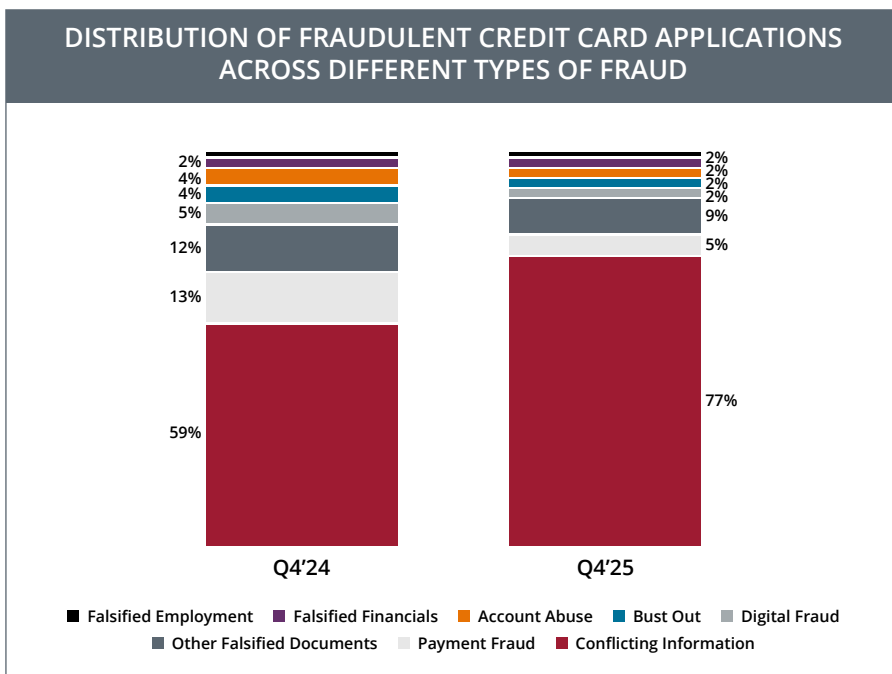
Source: Equifax Canada

As economic indicators show persistent upward pressure on living costs, consumers are experiencing increased credit stress. As a result, more applicants are turning to falsified financials to secure credit they might otherwise be denied.

Credit Card: Spike in First-Party Fraud

An increase in first-party credit card fraud highlights a concerning shift in consumer behaviour, aligning closely with rising delinquency rates in the sector. While third-party attacks still make up the bulk of total credit card fraud, first-party fraud rates nearly doubled year-over-year, climbing from 0.08 per cent in Q4 2024 to 0.15 per cent by Q4 2025.

Conflicting information (contradictory, inconsistent, or mismatched data provided by a consumer that could be an indicator of fraudulent activity) is now the main type of first-party fraud in this category, jumping from 59 per cent of first-party cases in Q4 2024 to a staggering 77 per cent in Q4 2025. Meanwhile, categories like payment fraud and digital fraud saw significant drops in their share of all first-party fraud cases. The rising wave of first-party fraud forces lenders to tighten credit risk strategies. Fraud-related credit loss remains a significant red flag in this sector, with regions like Ontario presenting the greatest risk, reaching as high as \$123 million.



Source: Equifax Canada

Banking and Deposits: The Increase in Falsified Financials

Mirroring the trends seen in credit cards, the banking and deposits sector is observing a pronounced shift toward first-party fraud risk. Third-party attacks declined from 0.45 per cent in Q4 2024 to 0.32 per cent by Q4 2025, while first-party fraud grew from 0.51 per cent to 0.68 per cent.

“This concerning growth in first-party fraud activities is a trend no lender can afford to ignore,” said Carl Davies, Head of Fraud & Identity at Equifax Canada. “And of course, traditional third-party attacks remain prevalent as well. An effective fraud prevention strategy must address both types of schemes.”

An analysis of this first-party activity shows an evolution in how applications are manipulated, often using advanced technology. Cases involving falsified financial information skyrocketed from 1.5 per cent of first-party cases in Q4 2024 to 21 per cent in Q4 2025. Over the same timeframe, account abuse grew from 14 per cent to 24 per cent, while more traditional payment fraud plummeted from 42 per cent to 19 per cent. This suggests a growing number of consumers are overstating their financial health in order to maintain access to everyday banking products.

“AI-based technology is crucial to detecting falsified documents and identities,” added Davies. “Solutions that leverage intelligent technology are now table stakes in the fight against fraud.”



Mortgages and Auto Loans: Hidden Losses Amidst Declining Rates

In contrast to unsecured credit products, sectors like auto and mortgages experienced a welcome reprieve with declining overall application fraud rates. Auto fraud decreased by 19.4 per cent year-over-year — dropping from 0.31 per cent in Q4 2025 to 0.25 per cent in Q4 2024 — fueled by simultaneous drops in both first-party and third-party attacks. Overall mortgage fraud rates also fell by 12.5 per cent, dropping to 0.28 per cent. However, the mortgage sector experienced localized spikes in historically expensive markets, with fraud rates ticking upward in British Columbia and Quebec.

Despite declining application fraud rates, business impacts remain high due to a substantial volume of unrealized potential credit loss hidden within existing portfolios. Within the 90+ day delinquency balances for mortgage products, an estimated \$216 million in Ontario, \$39 million in British Columbia, and \$33 million in Quebec are attributed to potential fraud loss. Similarly, auto fraud-related credit loss represents a potential \$72 million risk, highly concentrated with \$40 million in Ontario and \$13 million in Quebec. Demographic divergence continues to play a significant role: The 26–45 age group (mostly Millennials and older Gen Z) represents the majority of fraudulent mortgage applications, and consumers aged 35 and under hold the highest proportion of fraud-related credit loss across their 90+ day delinquency balances in the auto sector.



How Equifax can help you mitigate fraud and identity risks

FraudIQ™ from Equifax Canada 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 our FraudIQ Exchange consortium, 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 approximately 30 million annual assessments enabled for users each year. Fraud prevention platforms from Equifax have helped organizations prevent an estimated \$3B in fraud loss avoidance annually.

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

<https://www.equifax.ca/en/business/product/fraudiq>

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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