Why are we so gullible? Four tips to protect yourself from being scammed

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Scams have become part of everyday life. Some are headline grabbers such as the billion-dollar swindles orchestrated by Bernie Madoff, Elizabeth Holmes or now-deposed crypto king Sam Bankman-Fried. Others are the door-to-door variety – “Your roof needs fixing ma’am. That’ll be $9,000 (cash, if you don’t mind)” – then, poof, the helpful handyman disappears.

Far too many are robocalls impersonating banks, government agencies, insurance firms or delivery companies, while even more are online and include everything from romance scams (which target the lonely) to puppy scams (which took off during COVID).

At any given time, there are hundreds of frauds happening in Canada – with new ones invented daily. Thanks to the internet, bad actors can reach out and touch us from anywhere. And they do. Last year, the Canadian Anti-Fraud Centre said residents lost at least $530-million to unscrupulous players who are becoming increasingly sophisticated, tech-savvy and most of all brazen – even going so far in Toronto recently as to sell people’s homes out from under them when they were out of town.

We all hear of these scams, shake our head and think, those poor fools . . . that’ll never happen to me. Think again. Canada ranks third – behind the U.S. and the U.K. – with the highest total of online fraud victims in the world, according to a study from the fraud prevention company SEON Technologies last May. That means, in effect, we should all be on high alert. So why do human beings keep falling for scams, especially when there are red flags telling us to run fast in the opposite direction?

Jeff Hancock, a communications professor at Stanford University, believes it is because homo sapiens, as a species, are inherently gullible – which is another way of saying too trusting. “It is in our DNA to take people at face value, to believe what they are saying is true and to act on that information. This is called the truth bias and it is how society has evolved – it’s how we build relationships, conduct business and manage our day-to-day lives.”

For centuries mankind has fallen for cons. First, there was Adam, Eve and the serpent, followed years later by the Trojan Horse. The list goes on ad infinitum after that, providing a steady stream of material for books, TV shows and Hollywood movies (The Talented Mr. Ripley, The Big Short, The Wolf of Wall Street are just a few that come to mind.)

“Gullibility – or a too-trusting nature – is not necessarily a bad thing,” adds Hancock, who is founding director of Stanford’s Social Media Lab. “It only becomes an issue when bad actors are thrown into the mix – people who have no compunction about lying. These criminals know stuff about human psychology. They know they can lie, and in the short term, we are likely to believe it. That’s how they get the upper hand. Unfortunately, they don’t stop there,” he says, adding that such individuals intentionally target the lonely (romance scams), greedy (Ponzi schemes) and fearful (grandparent scams). “They exploit those traits to make money.”

Whether you consider yourself gullible or not, crooks-in-waiting know exactly which buttons to push. They are smart. They are masters at keeping people off balance. And they know most human beings take people at face value. In fact, they quite literally bank on it.

Stephen Greenspan, a retired professor of educational psychology at the University of Connecticut, categorizes gullibility under a larger group of what he calls “foolish behaviours,” and he says four things contribute to people throwing caution to the wind at a particular moment: situation, cognition, personality and emotion. Indeed, Greenspan knows too well what happens when you don’t heed the warning signs. He wrote the book Annals of Gullibility: Why We Get Duped and How to Avoid It, and found out soon after it was published that he had lost a sizable chunk of his retirement savings when Madoff’s Ponzi scheme imploded.

“I, of all people, should have known better,” says Greenspan from his home in California. “I was duped because I exposed myself to predictable risks.” By way of explaining he inserts himself into his own gullibility model. First, there was the situation. “There is a human tendency to move in packs and everyone was investing with Madoff, who provided good, consistent rates of return,” he says. Second, comes cognition which involves the ability to think through a potential scam. “I saw people of above-average intelligence investing in Madoff so I didn’t do my due diligence.” Personality? “I got greedy and was blinded by the Madoff mystique.” And finally, emotion. “That is almost always a tool of con artists,” says Greenspan. “I got wrapped up in the hype and didn’t want to miss out.”

Greenspan, who has a PhD in developmental psychology, says scammers are “on the sociopathic spectrum and they know most people are either too lazy or too polite to challenge them. Unfortunately, gullibility will always be with us,” he adds. “The thing is don’t become a multiple victim. Learn from your mistakes.”

That might be easier said than done. In this age of unlimited information, where criminals are using chatbots to write their fraud messages, it is getting harder and harder to sort out the truths from untruths. “As we build technologies to connect people and allow for exchanges, we are also building in more opportunities for people using fraud to reach us,” says Hancock, a native of Kamloops. The CAC, for example, says more than 70 per cent of fraud in Canada is now cyberenabled. “Fraud is increasing year-over-year and it will continue to grow because social media is giving them access to us. However, the psychological part of scamming hasn’t changed that much. The best way to protect yourself is to put emotion aside, think analytically and nurture your inner skeptic.”

In January, an elderly couple in Saskatoon did exactly that and foiled a mini-cartel of grandparent scammers. One morning Larry and Helen, who are 87 and 84 respectively, received a teary phone call from a person impersonating their grandson, saying he had been in a car accident while texting. He had hit a pregnant woman with twins and was being held on bail. Then, another person got on the phone, explaining a payment of $9,000 was needed so that their grandson could go home. They were suspicious – and discussed the possibility of it being a scam – but were still heading out to the bank when sanity returned.

“There was one thing that was really bothering us and that was why couldn’t we take the bail money to the courthouse? Why did this person, whom we assumed was a public defender, insist on coming to our condo?” recalls Larry. The Globe is not publishing the couple’s last name because they fear being targeted by more scammers. “We went back to our apartment and called the police.” They took it one step further and took part in a sting operation, stringing the crooks along, until plainclothes officers could get to their condo and make the arrest.

This is one of those rare fraud stories with a happy ending. Three men from Quebec, who are alleged to have stolen more than $100,000 from elderly people in the city, are now in custody. And Larry and Helen are small-town heroes who have shown the rest of us that, if you keep your wits about you, you can beat scammers at their own game. As Helen says: “Don’t just go along. Ask questions. Trust your instincts. And don’t be afraid to say no. It’s as simple as that.”

Jeff Hancock’s easy-to-follow checklist to keep your gullible impulses in check

1. If you feel something is too good to be true, it likely is.
2. If there is time pressure, or you’re being rushed, take a step back. Never act on impulse.
3. If you’re too embarrassed to talk to a family member, colleague or friend about an “opportunity” that has been presented to you, walk away. Your instincts are telling you something is wrong.
4. And finally, if you are on the phone or online and you do not know who the person is, do not engage. You don’t have to be nice. These are strangers, after all. Be suspicious and disconnect.