Exposing the Billion-Dollar ACH Fraud Crisis: How Scammers Exploit Weak Regulations to Steal from Consumers

Scammers are exploiting publicly available information to steal funds from unsuspecting individuals, while regulatory loopholes and industry pushback continue to hinder victims' ability to recover their stolen money.

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In today's digital world, it's disturbingly easy for a thief to access your bank account. With just the 17 digits found on your banking documents, fraudsters can drain your account without your knowledge. Take Scott Delman, for example. Over a period of nearly 18 months, Delman found that his banking information was used to siphon monthly car insurance payments, resulting in a loss of over $4,300. Despite sharing his financial documents with The Lever, Delman has yet to be reimbursed.

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He warns that such fraudulent schemes could lead to significant financial harm and even pose a national security threat. "Imagine if foreign actors like Russia or China exploited this 'opportunity,'" he says. "They could target American accounts, creating a crisis of confidence that would devastate the banking industry."

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Delman's experience is far from unique. A rising number of people are falling victim to Automated Clearing House (ACH) fraud — a form of digital theft in which scammers use a victim's bank account number and routing number to withdraw funds. As digital payments and phishing scams proliferate, ACH fraud has become more common. In 2024 alone, the Federal Trade Commission reported more than 47,000 incidents of bank transfer or payment fraud, amounting to over $2 billion — a dramatic increase from previous years.

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One of the troubling aspects of ACH fraud is the difficulty victims face in recovering their lost funds. Federal regulations, court rulings, and private sector guidelines shape banks' obligations to reimburse fraud victims, but these rules are inconsistent. Consumers typically have a 60-day window to report ACH fraud in order to receive full reimbursement, yet many, like Delman, don't realize they've been scammed in time. Small businesses face even stricter time constraints, with just 48 hours to dispute fraudulent charges. Additionally, recent court rulings have made it harder for businesses to sue financial institutions for negligence, even when those institutions fail to adequately monitor for fraud.

05 For many victims, pursuing legal action against banks is a non-starter, as financial institutions often force customers into arbitration agreements, leaving them with no recourse to a public court system.

06 Banks themselves acknowledge the simplicity of ACH fraud. "All a scammer needs is your account number and routing number to initiate ACH transactions — transfers, withdrawals, and payments — as if they were their own account," the Bank of Colorado explained in a blog post. This fraud can be initiated through stolen checks, breaches of business networks, or malware installations.

07 While bank account fraud is not new — as depicted in the 2002 film Catch Me If You Can, which chronicled the exploits of real-life scam artist Frank Abagnale — the scale of the fraud has escalated in recent years. Abagnale himself has warned that check and ACH fraud targeting businesses resulted in more than $2.8 billion in losses in 2024 alone.

08 The scope of financial fraud has exploded, with the Federal Trade Commission reporting that consumers lost over $12.5 billion to fraud in 2024, a 25% increase from the previous year. The FBI, too, reported that fraudsters stole more than $16 billion from consumers in 2024. A July 2025 Pew Research poll found that 73% of adults had experienced some form of online scam or financial attack, and many fear that the rise of artificial intelligence will exacerbate the problem.

09 According to Adam Rust, director of financial services at the Consumer Federation of America, the current regulatory environment, especially under President Donald Trump's deregulatory agenda, is compounding the problem. "This administration has gutted the agencies responsible for policing fraud and scams," Rust told The Lever. "Even the banks are recognizing that the abandonment of financial protection infrastructure compromises their interests."

A Flaw in the System

ACH transactions are central to modern digital money transfers, including direct deposit of paychecks, Social Security payments, and tax refunds. In 2024, more than $86 trillion moved through the ACH network. Scammers commonly gain access to sensitive banking information through phishing schemes that trick victims into verifying their bank account details or other personal information.

01 Once they have access, fraudsters often start by withdrawing small amounts and gradually increasing the sums until they are caught. In some cases, scammers have even infiltrated banks themselves. For instance, a vice president of a regional bank in Alabama was sentenced to 60 months in prison for a decade-long scheme in which she used ACH transfers to pay her own personal bills. Similarly, in December 2024, the FBI uncovered a $28 million fraud ring involving unauthorized bank transfers.

02 Despite the alarming rise in ACH fraud cases — 47,000 in 2024 alone — many reports go uncounted because victims file complaints with various law enforcement agencies. Carla Sanchez-Adams, a senior attorney with the National Consumer Law Center, pointed out that there is no central database for such complaints, making it difficult to get an accurate picture of the fraud epidemic.

03 In response to the growing concern over ACH fraud, the Electronic Fund Transfer Act was passed in 1978 to protect consumers making electronic transfers. However, under the Trump administration, key consumer protections related to this law have been weakened, including a proposed rule that would have extended protections to cryptocurrency owners.

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Financial experts agree that monitoring accounts regularly is essential for preventing ACH fraud. Consumer advocacy groups recommend that businesses and individuals take proactive measures, such as blocking ACH transfers and enrolling in fraud prevention tools like Positive Pay, which limits the amount of funds that can be withdrawn from a business account.

Bank Accountability and the Lack of Consumer Support

Many victims of ACH fraud have found it difficult, if not impossible, to recover their stolen funds. Robert Warren, co-owner of New Dawn Realty in Georgia, knows this all too well. After a scammer transferred over $17,000 from his business account in September 2023, Warren reported the theft to his bank. However, the bank refused to reimburse him, citing the time limit for reporting the fraud.

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Warren's persistence eventually paid off. After months of filing reports with the FBI, the Federal Reserve, and other regulatory bodies, Warren was finally able to recover his funds — just in time for his birthday. But his experience highlights the challenges that many victims face when trying to reclaim their money in the face of weak regulations and inadequate consumer support systems.

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For those affected, the message is clear: vigilance and persistence are key. "I learned that crime pays," Warren said. "People say it doesn't, but boy it pays out the ass. And I learned that persistence pays off, too."