Someone Pays for "Free" Returns and It's Probably You

June 27, 2026 - There was a time when buying something meant you intended to keep it. Today, for a growing number of shoppers, that is no longer the case.

Retailers call this practice "returns abuse" or, in the case of clothing, "wardrobing." Whatever the label, the concept is simple. The customer never intended to own the merchandise. The goal was to use it without paying for it.

What once was viewed by most as dishonest is increasingly being portrayed on social media as smart shopping. Videos posted on TikTok, YouTube and other platforms routinely offer advice on maximizing retailer return policies, encouraging consumers to think of purchases as temporary rentals rather than permanent ownership.

The numbers suggest the problem is no longer isolated.

According to the National Retail Federation, consumers returned approximately $890 billion worth of merchandise in 2024, representing nearly 17 percent of all retail sales. Most of those returns were legitimate. Sometimes an item is defective. Sometimes it simply is not what the customer expected.

But retailers say abuse is growing. Research by Appriss Retail and Deloitte estimates fraudulent and abusive returns and claims cost retailers approximately $103 billion in 2024, representing just over 15 percent of all returned merchandise.

The losses extend far beyond the refund itself.

Every returned item must be transported, inspected, processed, repackaged, restocked or discounted. Some merchandise cannot legally be resold as new. Other products are liquidated at steep discounts or simply discarded. Industry experts estimate that processing a return can cost retailers anywhere from 30 percent to more than half the value of the original item before any fraud losses are considered.

Ultimately, those costs do not disappear. Businesses recover expenses the same way they recover higher shipping costs, increased wages or rising utility bills. They become part of the cost of doing business. While no study has precisely calculated how much return abuse increases retail prices, economists generally agree that losses of this magnitude are ultimately borne by someone. Retailers absorb part of the cost through lower profits, but consumers also pay through higher prices, fewer discounts, return shipping fees and increasingly restrictive return policies.

Ironically, the people most affected are often those who never abuse return policies at all.

Changing attitudes may be contributing to the problem. A recent National Retail Federation survey found that 45 percent of consumers believe it is acceptable to "bend the rules" when making returns. Other research points to a significant generational divide.

A Riskified consumer survey found that more than half of Gen Z and younger Millennial shoppers did not consider wearing clothing before returning it to be an abuse of retailer policies. Nearly one-third admitted they had engaged in the practice themselves, while only a small percentage of older consumers reported doing the same.

Many consumers justify the behavior by arguing that large retailers can afford the loss.

That argument overlooks a simple reality.

Whether the retailer is a neighborhood hardware store or a national chain, the costs created by return abuse eventually become everyone else's problem.

Retailers themselves bear some responsibility for creating today's environment. For years, companies competed aggressively by advertising generous return policies. Free returns, no questions asked, became a powerful marketing tool that helped fuel the growth of online shopping. Those policies made buying easier and reduced consumers' concerns about purchasing products they could not examine in person.

Unfortunately, they also created opportunities for abuse.

Now the industry is responding.

Many retailers have shortened return windows. Others charge return shipping fees, require receipts or government-issued identification, or use sophisticated analytics and artificial intelligence to identify customers whose return patterns fall well outside the norm. Companies such as The Retail Equation provide technology that helps retailers detect suspicious return activity while allowing legitimate returns to proceed.

Some retailers are also experimenting with store credit instead of cash refunds in certain situations, stricter return policies for high-risk merchandise and tighter limits on no-receipt returns.

The goal is not to make returns more difficult for honest customers. The goal is to discourage customers who purchase merchandise with no intention of ever paying for it.

There is nothing wrong with returning a defective product or an item that genuinely failed to meet reasonable expectations. Buying something with the intention of using it for free before demanding a refund is something entirely different.

Call it return fraud. Call it returns abuse. Call it whatever you like.

It is not smart shopping.

It is shifting the cost of your purchase onto everyone else. Plain and simple. It is theft and it really needs to stop.

by Jim Malmberg
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