

**GUIDE**

# Hiding in Plain Sight: Unmasking Synthetic Identity Threats

How to protect your organisation from digital risk with a clear picture of identity



# How to protect your organisation from digital risk with a clear picture of identity

Fraudsters are evolving fast<sup>1</sup> – hidden in plain sight and exploiting digital complexity. They mimic genuine behaviour, bypass security and quietly profit using stolen or farmed data. Traditional detection can lag behind, giving them time to act undetected. To stay ahead, businesses must evolve just as quickly; adapting tools, strategies and mindsets to meet the pace of modern fraud.

Did you know as many as 5 million UK consumers may be synthetic identity fraud creations,<sup>2</sup> making synthetic identities a critical issue in the fraud and identity industry? Often referred to as “Frankenstein” fraud due to the complex construction of identities from both real and fabricated data, it has become one of the fastest-growing forms of fraud in recent years.<sup>3</sup>

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Our research shows 98% of fraud leaders in the UK are concerned about synthetic fraud affecting their books.<sup>4</sup> With good cause as TransUnion data showed the suspected volume of this fraud increased 3.7% across industries over the last year and over 184% since 2019.<sup>5</sup>

This guide provides a robust overview of key factors driving synthetic identity fraud, techniques used to build these false identities, and best practices for identifying and preventing them – all while preserving friction-right customer journeys for genuine customers. By analysing trends across sectors and implementing layered risk controls, organisations can start to uncover hidden synthetic personas and mitigate accordingly.

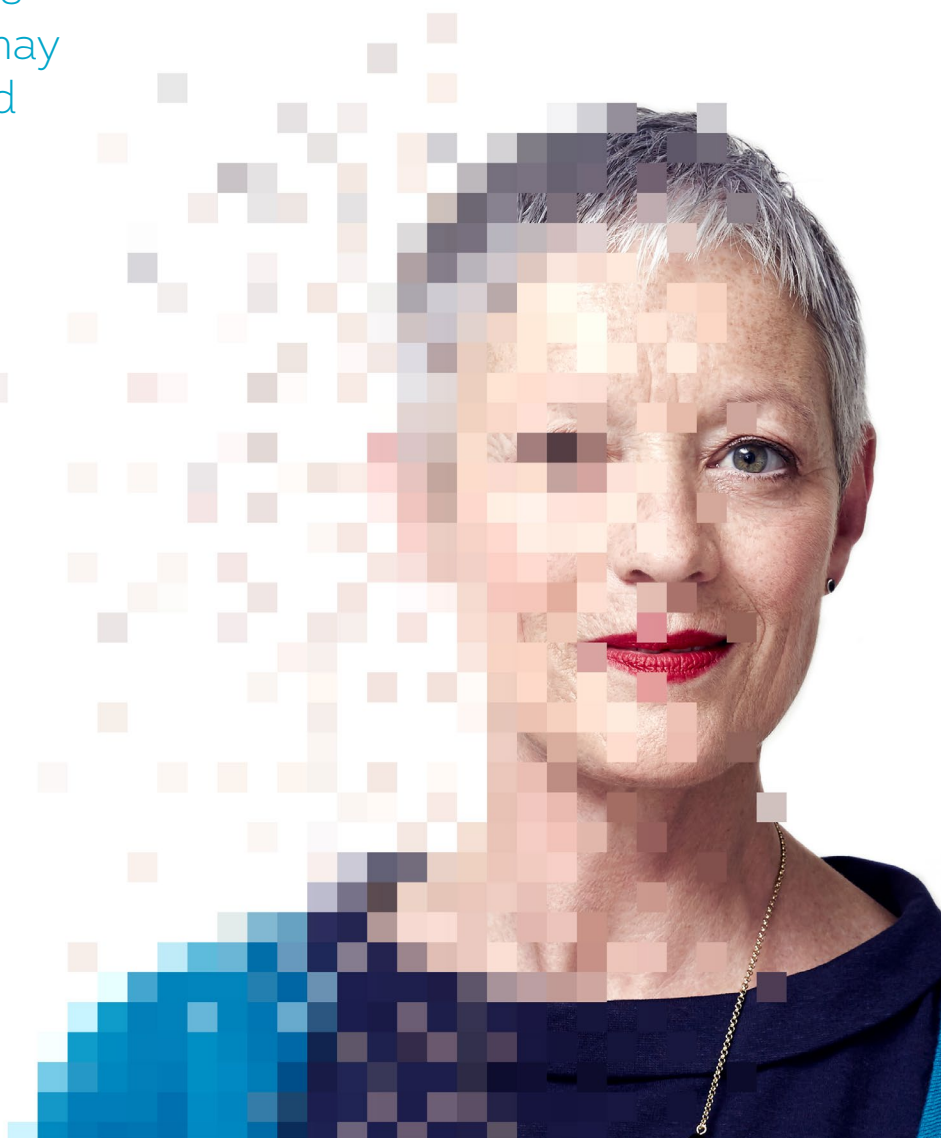
1 RegTech. [Can risk teams keep pace with the rise of synthetic identity fraud?](#) - RegTech100. 2025

2 TransUnion. Estimate based on Analysis of a well known high-street bank exposure rate of 0.079%. Modelled over the UK population (c.69m) resulting in estimated 5 million.

3 Payments Cards & Mobile. [3 million UK consumers may be synthetic identity fraud creations.](#) Oct 2024

4 TransUnion. B2B Fraud Leader's Survey. Q2 2025

5 TransUnion Device Risk Data 2024



# Built to deceive: Understanding synthetic identity creation

In simple terms, a synthetic identity is a fictitious persona created by fraudsters using a combination of real and fabricated personal details, such as a genuine UK address with a fake name and date of birth. Cleverly, the fraudsters acquire and use stolen or farmed details (like addresses) to supply real components of the synthetic identity. These genuine elements often act as trust signals by businesses, leading to the identity being unknowingly accepted.

The synthetic identities are then used to build credit profiles — meaning once created and onboarded into financial systems, they are incredibly difficult to detect and can continue to commit fraudulent activities across a range of industries.

From a data perspective, these identities will look completely legitimate, frequently evading traditional identity verification controls.

The following is an illustrative example of the life of a synthetic identity:



# Camouflage by design: Why they are so difficult to spot

## Synthetic identities are difficult to spot, primarily for two reasons:

- 1** Synthetic identity fraud is often miscategorised as first-party fraud and/or a collection issue. As a result of this incorrect diagnosis, businesses are usually looking in the wrong places for a resolution.
- 2** Busting out on credit cards and loans isn't the only use for a synthetic identity, which makes them difficult to track across different organisations and industries.

### For instance, they can be used to:

- Take out insurance policies as a front allowing criminals to distance themselves from the activity
- Apply for gambling accounts to facilitate money laundering or bonus abuse
- Obtain mobile phone handsets from mobile operators – without any intention of making the payments for the device
- Fraudulently receive government benefits

## A cross-sector issue

Synthetic identity fraud affects every industry that relies on verifying customer or applicant identities. The challenge for many organisations is synthetic identities are not discovered until after a fraud loss has occurred. However, given the scale of the known exposure, every industry faces digital fraud risk.



### Retail and ecommerce:

Store cards, gift cards, BNPL services and loyalty programs are exploited through synthetic signups to steal merchandise, services or facilitate money mules.



### Gaming:

New player bonuses are redeemed using synthetic identities that are ultimately sold for value to other players, costing valuable marketing pounds.



### Financial Services:

Credit lines, loans and accounts are opened using synthetic identities, leading to eventual default and misclassification as credit losses.



### Government and public sector:

Benefits fraud and service misuse are enabled by identities that appear eligible but are entirely fabricated.



### Telecommunications:

Fraudsters finance high-end devices under synthetic profiles and abandon contracts.



### Insurance:

Synthetic identities are used to obtain policies, file false claims and extract payouts.

The impact of synthetic fraud is increasingly attributed to fraud losses. In our survey, UK fraud leaders across multiple sectors listed it as a predominant cause of fraud losses in the last year.<sup>6</sup>



Demonstrating how prevalent and wide reaching this type of fraud is for businesses and consumers across the UK.

# How to unmask synthetic identity fraudsters

To identify synthetic identity fraud, businesses need to re-evaluate how they define a person's identity. Instead of looking at a person as a set of data points at a point in time, they need to be able to view the journey the identity has been on – and what that tells us about the individual behind the identity.

## Key strategies organisations should consider implementing:



### Granular identity insights:

Confirm the existence of an **identity**, as well as the data sources that have been used within that confirmation.



### Gauge your synthetic identity exposure:

Periodically screen your existing customers to identify sleeper synthetic accounts.



### Activity analysis:

Understand the activity history exhibited by the **identity** across their active lines of credit.



### Trust and risk signals:

Assess identity linkages to **email** and **mobile phone** data, alerting networks of synthetic identities.



### Document verification and facial biometrics:

Employ step-up authentication for suspected synthetic identities with robust **ID & selfie checks** – with strong deepfake protection.



### Ongoing monitoring:

Regular scorecard optimisation and back book washes help monitor the ongoing threat of synthetic identities that become prevalent across the user journey.



### Device intelligence:

Leverage detailed information about user **devices**, such as the use of evasion tactics, velocity and reputation – and utilise our associated network of connected devices and fraud from our extensive consortium.

## Building a clear picture of identity

Synthetic identities pose a real risk to your business – and it's only likely to increase as criminals use generative AI to circumvent traditional identity verification and authentication tools. Achieving a clear picture of a consumer's identity is not just about stopping fraud – it's about protecting your organisation's reputation, financial performance and customer relationships in a digital world where trust is paramount and appearances can be deceiving.

TransUnion's vast UK data coverage, expertise and extensive range of TruValidate™ Identity and Trust solutions empower businesses to gain a clearer picture of identity to better mitigate and detect fraud within your organisation. Start uncovering fraudsters hiding in plain sight and re-enforcing your defences by getting in touch today.

## TransUnion TruValidate™

We make trust possible by helping businesses and consumers transact with confidence.

Our TruValidate solutions encompass identity and device insights that empower organisations to securely engage consumers at each stage of their journeys, helping improve conversions, reduce fraud losses and deliver enhanced, friction-right user experiences.

For more information on how to fortify your fraud prevention strategies, get in touch:

[transunion.co.uk/truvalidate](https://transunion.co.uk/truvalidate)

[linkedin.com/company/transunion](https://linkedin.com/company/transunion)