

Alternatives to Identity Theft Protection Service

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When the Federal Trade Commission (FTC) released their list of the top ten consumer complaints of 2010, identity theft once again topped the list. Many criminals realize how much easier it is to steal from consumers and businesses via identity theft and how much less likely they are to be caught. Unfortunately, their crimes find many victims.

You don't need to do anything wrong for your identity to be stolen, and you might not realize right away that anything has happened. Criminal identity theft is a greater problem because the imposter commits crimes by pretending to be the victim, so the actual victim may be arrested for crimes he or she did not commit. With medical identity theft, a person without adequate health insurance obtains health care using another person's identity and leaves more than one person's medical information in the same record, which can have deadly consequences. These are things we all want to avoid, but are identity protection services the answer?

How Well Do Identity Theft Protection Services Work?

Victims can spend years recovering from identity theft. They may be turned down for credit, housing, medical care and insurance, and employment. As a result, many consumers have turned to companies that promise to protect your identity and your bank accounts against fraud. The number of identity theft protection services is growing in response to people's fears, but the services may not be as much protection as they claim. Some companies have been fined millions of dollars because of false claims.

These companies offer consumers protection against identity theft, but they do not provide complete pro-

tection. They usually do not offer protection on existing accounts, medical identity theft, or employment identity theft. They also may make claims about their own data security that are not true. Some companies collect customer information such as social security numbers (SSNs) and credit card numbers from their clients.

The Consumer Federation of America (CFA) conducted a study of 16 companies and found that none of them lived up to consumer expectations and that these companies actually limited certain consumer rights. These services might not all be the same, but none protect against all types of identity theft, and none can guarantee that your identity will not be stolen. The CFA concluded that none of these services was worth the money spent on them.

What You Can Do If Your Personal Information Is Compromised

If your personal information reaches the wrong people but you find no fraud on your credit report, you may place an alert on your record for 90 days with each of the three major credit-reporting bureaus. You can renew the alert every 90 days. You will get a free credit report when you place this alert.

The CFA points out that many of the services offered by identity theft protection companies can be done

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by consumers for free or for minimal charge. The CFA offers consumers “Ten Easy Steps to Protect Your Personal Information and Detect Fraud”:

1. Practice mail security.
2. Guard your social security number.
3. Lock and shred.
4. Stop prescreened credit and insurance mailings [(888) 567-8688 or (888) 5-OPT-OUT].
5. Keep private information to yourself.
6. Be safe online.
7. Look at your bills and bank statements promptly. (Dispute time may be limited to 60 days.)
8. Monitor your online accounts frequently.
9. Check your credit reports regularly.
10. Pay attention to debt collectors.

Dispute any bills that result from identity theft. Contact the Kentucky Attorney General’s office about any companies that try to get you to pay those bills even after you write to them about what happened. Take action quickly, as soon as you see a problem, and continue to defend your identity as long as necessary. It isn’t easy, but it’s far better than doing nothing!

What to Do if Your Identity Is Stolen

If someone does steal your identity, file a police report with your local police or with the police where the fraud took place. Close all accounts that might have been seen by the wrong person or that were opened fraudulently or against your wishes.

Contact one of the three major credit reporting bureaus—Equifax, Experian or TransUnion—to place a fraud alert on your credit record. When you notify one of the three major credit bureaus, they will then notify the other two. Or you may instead contact AnnualCreditReport.com at <http://www.annualcreditreport.com>, or call (877) 322-8228. You may encounter difficulty in reaching the major credit bureaus. They will take your requests by phone, but their phone systems can be difficult for consumers to use. You might find it easier

to place your request on the website of one of these companies or on AnnualCreditReport.com. They may require you to mail them additional information so they can access your file. Do this, even if it is difficult; if you do nothing, you will be far worse off.

If you have a police report of actual fraud, you may place an alert on your credit report for seven years. Kentucky law also allows you to place a security freeze on your record, which will keep people from getting your credit report without your approval. The freeze usually costs \$10 for each major credit bureau, but is free if you provide a copy of your police report. A security freeze will make it less convenient for you to apply for credit yourself; however, if you need to make a major purchase such as a car or home, you can lift the freeze temporarily for \$10 from the credit bureau the lender will use to check your credit history. This way, your freeze remains in place with the other two major credit-reporting bureaus.

Resources

For more information on protecting yourself and your family from consumer fraud, contact your local county cooperative extension agent. Ask for the extension publication *Let the Consumer Beware in Tough Economic Times* (FRM-RHF.116).

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