

Each year, millions of U.S. consumers become victims of identity theft. ID theft is a growing crime in which thieves use stolen personal information, such as a Social Security number, to open new credit accounts in someone else's name. When their crime is discovered, the crooks move on, leaving their victims to deal with the fraudulent debts.

To avoid ID theft, you must take steps to protect yourself. One way is to “freeze” your credit file. This means that new credit cannot be established in your name until you lift the “security freeze.”

What is a security freeze?

A security freeze prevents anyone from opening new credit accounts in your name by making your credit file off-limits to prospective creditors—and crooks.

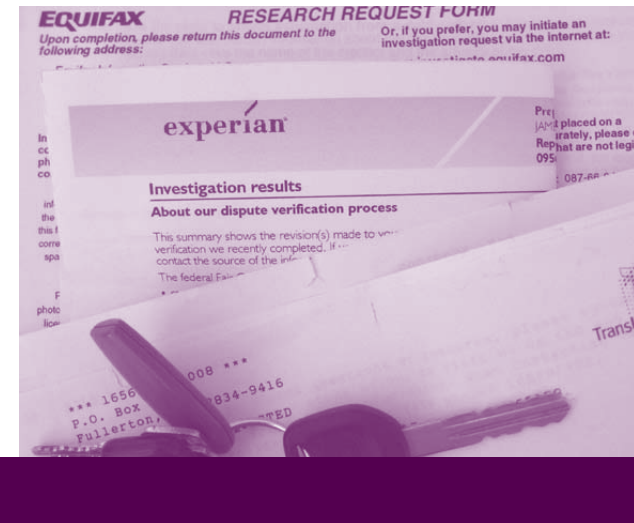
In the typical credit application process, a creditor will request the applicant's credit report or credit score from one of the nation's three major credit reporting agencies: Equifax, Experian and TransUnion. (These businesses compile information about your credit accounts and payment history from businesses that have lent you money.) The creditor uses this information to determine if the applicant is creditworthy. If you are creditworthy, it means you are someone the business wants to lend money to.

Creditors and lenders who are denied access to an applicant's credit file can't evaluate the borrower's credit history. This usually means the credit request will be denied. That's a good thing if a crook is trying to access your credit.

Under a security freeze, your credit report is off limits to prospective creditors and others who use it in their decision-making process—insurance companies,

landlords, employers who need to do a background check, cell phone companies, and utilities, for example. You have the right to lift the freeze before applying or giving permission to check your credit. This is easily done with the personal identification number (PIN) or password that the credit reporting agency gives you.

A security freeze will not keep out anyone with whom you already have an account or other business relationship.



Should I put my credit on ice?

Consider both the benefits and drawbacks of locking your credit file before you decide whether or not to place a security freeze.

PROS:

- A security freeze can stop imposters from opening new accounts in your name.
- In most cases, placing a security freeze—and lifting it—is free for victims of ID theft.
- A freeze does not stop you from getting new credit or other services.
- The freeze does not expire—it remains in effect until you remove it.
- Freezing provides much greater protection and typically costs much less than a monthly credit monitoring service.
- A freeze does not affect your credit score.

CONS:

- A security freeze is only effective if you activate it (by mail, in most states) at all three credit reporting agencies.
- Depending where you live, non-victims may pay up to \$60 to place the freeze with all three agencies. (In most states, however, it will cost non-victims no more than \$30 to freeze all three files, and freezes for non-victims are free in Colorado, Indiana, New Jersey and New York.)
- In most states, non-victims must pay a fee whenever they ask to temporarily lift the freeze and when they permanently remove it. While free in a few states, a temporary lift can cost non-victims in other states up to \$12.
- A security freeze can take up to three business days to be lifted, delaying your credit application or other transaction and making “instant credit” unavailable to you. (A number of states have passed laws that require the freeze be lifted within 15 minutes of the request beginning around September 2008.)
- A freeze does not prevent fraud involving your existing bank or credit accounts.

Who should consider a security freeze?

A security freeze is not always the best choice for everyone. But, if you are a victim of identity theft or believe you are at increased risk, a security freeze can provide protection and peace of mind.

Stolen personal information can be sold or exchanged among identity thieves, which means that all victims should consider a security freeze. Placing, lifting and removing the freeze is free for identity theft victims, in most cases.

Consumers whose Social Security number has been revealed unintentionally—through a company “security breach” or a lost wallet, for example—can freeze their credit files as a precaution.

A security freeze can be inconvenient, particularly if you're actively seeking new credit or doing other things (like applying to rent a home) that require your credit file to be accessible. That's why consumers considering a freeze should take into account their particular circumstances.

Before making a decision, consider the likelihood you will become a fraud victim, the extent to which the freeze would delay important transactions, and whether the extra peace of mind is worth the cost and extra effort.

Freezing your credit file

Freeze fees, required materials and procedures vary from state to state and among the three credit reporting agencies. Contact each of these credit reporting agencies to get state-specific instructions for placing a security freeze on your credit file.

Equifax

Phone: 888-298-0045 (you will be placed on hold and then connected with a representative)

Web site: Go to www.equifax.com, enter "security freeze" in the "Search" box in the upper right-hand part of the screen. Choose the first result in the list.

Experian

Phone: 888-397-3742 (follow the prompts for recordings about placing a security freeze)

Web site: www.experian.com/consumer/security_freeze.html

TransUnion

Phone: 888-909-8872 (follow the prompts for recordings about placing a security freeze)

Web site: Go to www.transunion.com and click on "security freeze" under the "Identity Theft" heading in the lower portion of the page.

In most (but not all) cases, there is no charge for identity theft victims to place, lift or remove a freeze. You will, however, need to provide a copy of an identity theft report you have filed with law enforcement. Fees vary for non-victims.

If you're married, both you and your spouse must freeze your separate credit files to fully protect your household. In most states it will cost you no more than \$60 (\$10 each). However, in certain states a couple's cost could be

as high as \$120 (six reports at \$20 each) if you are not eligible for a no-cost freeze.

After processing your request, each agency will mail you a confirmation letter and a PIN or password that you will use whenever you temporarily lift the freeze, and if you permanently remove it.

In many states, you can choose to lift the freeze for a specific period of time or for a particular creditor or other credit report user. If you temporarily lift the freeze for a particular third party, you will provide a unique access code (TransUnion and Equifax) or your PIN (Experian) to that person or business so that they can access your credit report.

Assistance and Information

Consumers Union provides an online state-by-state list of security freeze laws, maximum allowable fees, and agency instructions.

Web site: www.consumersunion.org

Enter "state credit freeze" in the search box to find the page titled State Security Freeze Laws.

Get a free credit report from each credit reporting agency once every 12 months.

Phone: 877-322-8228

Web site: www.annualcreditreport.com

Opt out of receiving certain types of marketing mail, including pre-approved credit offers that an ID thief could intercept.

Phone: 888-50PTOUT (888-567-8688)

Web site: www.optoutprescreen.com

The Identity Theft Clearinghouse of the Federal Trade Commission offers more about consumer protection.

Phone: 877-IDTHEFT (877-438-4338)

Web site: www.ftc.gov/idtheft

Consumer Action

www.consumer-action.org

221 Main Street, Suite 480

San Francisco, CA 94105

415-777-9635 / TTY: 415-777-9456

hotline@consumer-action.org

523 W. Sixth Street, Suite 1105

Los Angeles, CA 90014

213-624-8327

Chinese, English and Spanish spoken



This publication was created by Consumer Action's Privacy Information Project. © Consumer Action 2008



CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

FREEZE YOUR CREDIT FILE

Leave ID Thieves Out in the Cold

A Consumer Action Publication