

SECURITY FREEZE TRAINING MANUAL

QUESTIONS AND ANSWERS



**ABOUT PLACING, LIFTING & REMOVING A
FREEZE ON YOUR CREDIT REPORT**

A Consumer Action Publication

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INTRODUCTION

Credit can be a convenience and a money management tool. Using credit, we can avoid carrying large amounts of cash, shop more safely online, finance an education, start a business and buy a car or home.

Crooks and scammers see the value in credit, too—especially credit in other people’s names. Each year, there are thousands of cases where crooks illegally obtain new credit using other people’s names and credit histories. Often, a Social Security number (SSN) is all a thief needs to open credit accounts fraudulently. The crooks can get other people’s personal information by stealing a wallet, searching the trash, or hacking into a database.

Many consumers take steps to protect themselves from identity thieves. These precautions include leaving their Social Security card at home, shredding documents that contain SSNs or other personal information, and “freezing” their credit reports. A credit file security freeze is a protective measure that is available to all U.S. consumers.

The “Security Freeze Training Manual” can help answer some questions about what a security freeze is and how it works, who should consider a security freeze, and how to place, lift and remove a freeze.

This publication is part of a module that includes a multilingual companion brochure, “Leave ID Thieves Out In the Cold” (available in Chinese, English, Korean, Spanish and Vietnamese); a training guide for classes and seminars; PowerPoint slides, and sample class activities.

The brochure and other materials in this module are free for individuals, non-profits and community-based organizations. For more about these materials, visit the Consumer Action website (www.consumer-action.org/publications) or call Consumer Action at 800-999-7981.

SECURITY FREEZE BASICS

What is a security freeze?

A security freeze locks your credit file, making it off limits to anyone who requests it from any of the three major credit reporting agencies (Equifax, Experian and TransUnion).

What is a credit file, and how does it relate to a credit report and a credit score?

Your credit file is an electronic record maintained by credit reporting bureaus. The information in your credit file is provided to the credit reporting bureaus by your past and present creditors and contains information about the amount of credit you have been granted and your payment record, among other things. When you or a prospective borrower want to see the contents of your file, it is called a credit report. In many cases, instead of asking to see the full file, or credit report, creditors will ask to see your credit score—a number derived from the information in your credit file. Your credit score varies based on the current information in your credit report.

How does a security freeze keep crooks from getting credit in my name?

When you apply for credit, lenders request your credit report or credit score from one of the credit reporting agencies. The creditor needs this information to determine you are “creditworthy.” (If you are creditworthy, it means that your credit history shows that you pay your bills on time and have handled credit wisely in the past.)

A security freeze blocks your file so that potential creditors can’t evaluate your credit history until you give your permission for them to do so. Without your permission to lift the freeze, the credit request will be denied.

Do all three major credit reporting agencies allow me to freeze my file?

Yes, all consumers can request a security freeze with Equifax, Experian and TransUnion. Fees and procedures vary according to state law or, in states that have not yet passed security freeze laws, according to each credit reporting agency’s voluntary freeze program. (At this writing, states without laws are Alabama, Alaska, Arizona, Georgia, Idaho, Iowa, Michigan, Missouri, Ohio, South Carolina and Virginia.)

What will happen when a creditor requests my credit report or score?

If you have placed a freeze, the creditor will receive a message or code indicating that your credit file is frozen. You can avoid this by “lifting” the freeze before you apply for new credit.

Does a security freeze lock everyone out?

A freeze will not prohibit your existing creditors, or collection agencies collecting a debt on their behalf, from accessing your file. A freeze will not bar law enforcement agencies, or government agencies that are collecting child support payments, taxes, or investigating public benefits fraud. In these cases, your consent is not needed.

What if I want to order my own credit report?

You can order your own report even when your credit file is frozen.

BENEFITS AND DRAWBACKS

Is a security freeze a good idea?

A security freeze can be a good way to protect yourself against identity theft, but it is not always the best choice for everyone. Whether or not a freeze is a good option for you depends on your particular circumstances and whether the benefits outweigh the drawbacks.

What can a security freeze do for me?

A security freeze can stop imposters from opening new accounts in your name without preventing you from getting new credit or other services when you need them.

If you are currently paying for a credit monitoring service, consider placing a security freeze instead. Freezing can save you money and provide much greater protection. Checking your credit report yourself or through a monitoring service only can alert you to fraudulent accounts after they have been opened. A security freeze prevents a crook from opening new, unauthorized accounts.

What are the drawbacks of placing a security freeze?

Two main drawbacks of a security freeze are cost and inconvenience.

Depending on where you live, it could cost non-identity theft victims up to \$60 to place a security freeze with all three credit reporting agencies. In most states, however, it will cost no more than \$30, and is free in Colorado, Indiana, New Jersey and New York. Placing a freeze is free for identity theft victims in all but a few states. A chart listing all state fees can be downloaded online (www.consumer-action.org/downloads/english/freeze_chart.pdf).

And, in many cases, non-victims will have to pay a fee of up to \$12 if they request a temporary lift to allow access to their credit file for any reason. There may be a fee to permanently remove the lift as well. (In most cases, lifting and removing a security freeze is free for identity theft victims.)

If you're married, you must place a freeze on all six credit files (three for you and three for your spouse) to have effective protection. This means double fees for couples who place a freeze (unless it's free in your state).

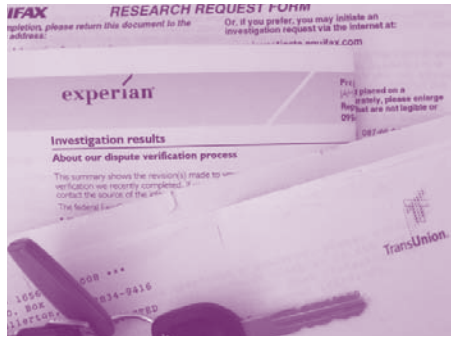
Since a freeze can take up to three business days to be lifted, any application or transaction that requires a review of your credit report or your credit score could be delayed. A freeze makes "instant credit" unavailable to you. However, a number of states have passed laws that require the freeze to be lifted within 15 minutes of the request. (Tennessee, Utah, the District of Columbia, Washington and Wyoming will enforce the new law by Sept. 1, 2008; Delaware, Maryland, Montana and Nebraska will begin Jan. 31, 2009). In states that enforce the 15-minute lift requirement, inconvenience will be less of an issue to consumers.

Can prospective employers, insurance companies and service providers (such as cellular phone companies) still access my report if it is frozen?

No, they can't. You would have to plan ahead to lift the freeze, just as you would for a creditor.

Will a security freeze damage my credit score?

A freeze does not negatively affect your credit score, however you will have to lift the freeze before a potential creditor can get your score.



WHY CONSIDER A SECURITY FREEZE?

Who can benefit from a security freeze?

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 identity theft victims should consider a security freeze, even if the case has been solved.

Placing, lifting and removing the freeze are free for identity theft victims in most states.

Consumers whose Social Security numbers have been revealed unintentionally—through a company “security breach” or a lost wallet, for example—may want to freeze their credit files as a precaution. (Consumers in the state of Washington who receive a notification that their computerized data has been breached are entitled to a free freeze.) Consider a freeze, too, if your mail has been stolen and the mail that is missing may contain credit card or insurance bills with key personal information a thief could use for ID theft.

What if I am not a victim of identity theft—should I still place a security freeze?

All consumers have the right to place a security freeze, but because of the possible inconvenience when you request new credit, anyone considering a freeze should take into account their particular circumstances. Are you actively seeking new credit? Applying to rent a home? Planning to switch cellular phone service carriers? Then you may want to wait to freeze your credit.

Before deciding whether or not to place a security freeze, consider the likelihood that 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 effort.

Should I consider a security freeze if I'm shopping for credit?

If you don't believe you're in immediate danger of identity theft, you might postpone freezing your files until after

you've refinanced your home, taken out an auto loan, switched cellular service providers, or conducted any other planned transaction that would require a provider to access your credit report. This would save you the extra effort and fees related to temporarily lifting the freeze to complete a transaction.

I'm concerned that someone will try to access my current accounts. Will a security freeze protect me?

A freeze does not prevent fraud involving your existing bank or credit accounts. This is because no additional permission to access your credit report or credit score is needed for companies with which you have a credit relationship. Check the monthly statements for all your accounts every month and look for any mistakes or suspicious activity. If you find something amiss, contact the company immediately and order a new copy of your credit report. (Each year, you are entitled to free copies of your credit report from all three of the major credit reporting bureaus. Call 877-322-8228 or visit www.annualcreditreport.com to order copies.)



FREEZING YOUR CREDIT FILE

How do I place a security freeze?

Contact each of the three credit reporting agencies online or by phone for the most up-to-date instructions and costs.

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 recorded announcements about placing a security freeze)

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

TransUnion

Phone: 888-909-8872 (follow the prompts for recorded announcements 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 part of the page.

How much does it cost to place a security freeze?

Freeze fees vary from state to state and among the three credit reporting agencies. Consumer Action has created a chart listing the fees in every state. You can download the chart from Consumer Action’s web site (www.consumer-

action.org/downloads/english/freeze_chart.pdf). You can also contact the credit reporting agencies directly to get information about the cost of placing and lifting a security freeze in your state.

Do I have to place the freeze with all three credit reporting agencies?

Yes. A security freeze is only effective if you activate it at all three credit reporting agencies. This is because you have no way of knowing which credit reporting agency would be used if an identity thief were to apply for credit in your name.

I'm married. Do both my spouse and I have to freeze our credit files with all three credit reporting agencies?

Yes, if you're married both you and your spouse must freeze your separate credit files (for a total of six freeze requests) to be fully protected. If you are not eligible for a no-cost freeze, depending on where you live your cost could be as high as \$120 (six reports at \$20 each). In most states, however, it will cost you no more than \$60 (\$10 each).

In most cases, victims of identity theft will be allowed to freeze their files for free. And the spouses of ID theft victims in Massachusetts can freeze their files for free as well.

Why is it less expensive to place, lift and remove the freeze in some states than in others?

Fees are based on state law. In states that have not yet passed security freeze laws, the fees are based on each credit reporting agency's voluntary freeze program. In a few cases, state law allows the credit reporting agencies to charge higher fees than the agencies charge under their own voluntary freeze program. (Download a chart containing fees for each state at www.consumer-action.org/downloads/english/freeze_chart.pdf.)

I'm a victim of identity theft. Do I have to pay the regular freeze fee?

In most (but not all) states, there is no charge for identity theft victims to place, lift or remove a freeze with any of the three agencies. You will, however, need to provide a copy of an identity theft report you have filed with law enforcement or, in some states, the Department of Motor Vehicles (DMV).

How long will it take for the freeze to become effective?

The credit reporting agencies must place the freeze within five business days of receiving your request.

Will I receive anything from the agencies after I place the freeze?

After processing your request, each agency will mail you a confirmation letter and a PIN (personal identification number) or password that you will use whenever you temporarily lift the freeze and when you permanently remove it. Keep this information in a safe place so you won't have to call the agencies again if you need to retrieve it.

The credit reporting agencies will not return documents you submit when you request a freeze (proof of identity, age, address or identity theft), so be sure to send copies—not the originals.

LIFT OR REMOVE A FREEZE

I want to apply for a loan. How do I lift the freeze so that prospective lenders can check my credit report and credit score?

In many states, you can choose to lift the freeze for a specific window of time (if you're comparing rates for a home or car loan) or you can just allow a single business, such as a wireless phone company, to check your credit. 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 to use to retrieve your credit report.

The methods available for lifting the freeze (by mail, phone or online) will depend on your state and the credit reporting agency. Follow the "lift" instructions that came with your PIN after you placed the freeze. If you've lost the instructions, contact each of the three credit reporting agencies at the phone number or web address provided above for the most up-to-date instructions and fee information. (See "Freezing Your Credit File.") In most cases, non-identity theft victims will pay a fee of up to \$12 for each "lift," while ID theft victims, in most cases, can request a lift at no charge.

How soon will my freeze be lifted?

The credit reporting agencies must lift your freeze within three business days of your written request.

All three agencies also allow you to lift the freeze by phone and may lift it in as little as 15 minutes. (Tennessee, Utah, the District of Columbia, Washington and Wyoming will require the lift to take place within 15 minutes of consumers' request beginning Sept. 1, 2008; Delaware, Maryland, Montana and Nebraska will enforce that requirement beginning Jan. 31, 2009.)

When does a security freeze expire?

A security freeze does not expire—it remains in effect until you remove it.

How do I permanently remove the security freeze?

Follow the instructions you received with your PIN after your placed the freeze. Depending on your state and which credit reporting agency you are contacting, you may have to make your request in writing. In many cases, there is a fee to remove the freeze. (In most cases, lifting the freeze is free for ID theft victims). The agencies will remove the freeze within three business days of your request.

What if I lose my PIN?

If you have lost your confirmation number or password it will take longer to lift or remove the freeze since it is likely that you will have to request, and receive, a replacement PIN first. You may have to make your request in writing; follow the instructions sent to you when you received your original PIN, or contact the credit reporting agencies for instructions. There may be a fee to replace a lost PIN.

If you would like to change your PIN after giving it to a creditor to access your Experian credit file, you can request a new Experian PIN at no cost.

INFORMATION AND ASSISTANCE

How can I check my credit reports to see if there are any signs of identity theft?

You can get your free credit report from each of the three major credit reporting agencies once every 12 months. You can get all three at once or stagger them throughout the year. Call 877-322-8228 or visit www.annualcreditreport.com to order your free reports. To verify your identity, you may be asked certain facts about credit accounts (mortgages, credit cards, car loans, etc.) you have or have had in the past. You may also be asked for details about your current and former home addresses.

How can I check my credit score?

You can purchase your score online for about \$15 at the MyFICO® website (www.myfico.com). Click on “Products” and choose the FICO Standard Score. You have a choice of purchasing a single score from one of the three major credit reporting bureaus or buying a package of all three for about \$50. Once you have completed your purchase your score and credit report will be available online immediately for you to view, print or save.

Is there a place I can get a listing of security freeze procedures in all states?

Yes! Consumer Action has prepared a chart, which can be downloaded from our website. Download it from our web site (www.consumer-action.org/downloads/english/freeze_chart.pdf). The 14-page chart includes instructions on submitting a security freeze request.

Fees and procedures outlined in the chart are accurate at the time of publication. However, because state laws and credit reporting agency policies do change, consumers with Internet or phone access should contact each of the credit reporting agencies directly to get the most detailed and up-to-date information available.

How can I reduce the amount of marketing mail I get?

You can “opt out” of receiving certain types of marketing mail, including pre-approved credit offers that an ID thief could intercept, by calling 888-5OPTOUT (888-567-8688) or visiting www.optoutprescreen.com.

Where can I learn more about protecting myself from identity theft?

The Identity Theft Clearinghouse of the Federal Trade Commission offers information about protecting yourself from ID theft and what to do if you are a victim. Contact the agency at 877-IDTHEFT (877-438-4338) or www.consumer.gov/idtheft.

Consumer Action offers a collection of materials on ID theft. Visit www.consumer-action.org and pull down the Publication Category menu to “Privacy Rights” to view them.

CONSUMER ACTION

www.consumer-action.org

221 Main Street, Suite 480

San Francisco, CA 94105

415-777-9635

TTY: 415-777-9456

523 W. Sixth Street, Suite 1105

Los Angeles, CA 90014

213-624-8327

PO Box 70037

Washington, DC 20024

202-544-3088

hotline@consumer-action.org

Chinese, English and Spanish spoken



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