



Freeze Identity Thieves Out of Consumers' Credit Files:

Support State Credit Report Security Freeze Laws

Credit card companies, merchants, other businesses, and government entities do not always adequately safeguard consumers' private financial information, making it relatively easy for thieves to steal this data and use it to take out new credit or to rack up charges on existing accounts. As a result, identity theft is one of the fastest growing financial crimes. Up to 10 million Americans fall victim each year. Identity theft costs U.S. businesses and consumers about \$50 billion annually.

Consumers need additional tools to help prevent identity theft before it happens. One of the best prevention tools is the security freeze. A security freeze law lets each consumer decide whether to restrict access to his or her consumer reporting file and credit score. When a security freeze is in place, a consumer's credit report and credit score cannot be shared with potential creditors or other persons considering opening new accounts unless the consumer decides to unlock the file by contacting a consumer reporting agency and providing a PIN or password.

A security freeze can help prevent identity theft. Most businesses will not issue new credit or provide goods or services for later payment to an individual without first reviewing his or her credit report or credit score. If an individual consumer reporting file is frozen and an imposter applies for credit in that individual's name, a creditor likely would deny the imposter's application, preventing an instance of identity theft.

Under a security freeze law, people who choose to freeze access to their consumer reporting files may temporarily lift the freeze when they want to use their own credit files. When a consumer places the freeze, the consumer reporting agency issues a unique PIN to the consumer that can be used to "thaw" or lift the security freeze for a particular entity or for a designated period of time.

Under state security freeze laws, each consumer chooses whether or not to place a security freeze.

Frequently Asked Questions

What does placing a security freeze mean?

A security freeze tells the consumer reporting agencies not to give access to your consumer reporting file or your credit score unless you have authorized that access or the entity seeking to see your file has an exemption from the security freeze law, as do your current creditors. Placing a security freeze stops most persons from accessing your consumer reporting files. This protects you from someone else using your credit record to open false new accounts because most businesses will not open new accounts without first checking credit history. If your consumer reporting file is frozen, even someone who knows your name, date of birth and Social Security Number should be stopped from opening new accounts in your name. When you want additional credit, you open your file with a PIN or a password and the business extending the credit will decide whether to issue the credit.

How does a state security freeze differ from a federal fraud alert?

A security freeze is a mechanism to prevent new account identity theft. Only a security freeze allows the consumer to limit access to his or her consumer reporting file. The federal Fair Credit Reporting Act creates two types of fraud alerts, but the only type available to consumers who have not yet been victims of identity theft, called the initial fraud alert, expires after 90 days unless renewed. The very short time period makes this a poor tool for ID theft prevention. The extended fraud alert is restricted to ID theft victims. Neither the initial nor the extended fraud alert stops the release of the credit report or the credit score. Instead, under the federal Fair Credit Reporting Act, when a fraud alert is attached to a credit file, potential creditors must

take certain steps to verify a credit applicant's identity before extending credit. The fraud alert, however, does not prevent the potential creditor from getting the credit report or the credit score.

A security freeze grants each consumer the right to prevent the consumer reporting agency from issuing his or her credit report or score for the purpose of issuing new credit or opening new accounts. Unlike the federal fraud alert, the security freeze actually stops access to the consumer credit report and the credit score except for circumstances such as review of existing accounts, other limited purposes, or the express permission of the consumer.

Would anyone have access to a consumer's credit file if it is frozen?

Yes, the state security freeze laws include some necessary exemptions to the freeze. Security freezes do not apply to any person or entity with whom the consumer has an existing account, nor to a limited number of other parties who may access the files for purposes not related to new accounts, such as law enforcement agencies and certain governmental agencies that need them for investigations and other statutory responsibilities.

Which states already have security freezes?

There are currently 29 security freeze laws: California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Illinois, Kentucky, Louisiana, Maine, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, Utah, Vermont and Wisconsin provide all residents with the option of placing a security freeze on their credit files, while Hawaii, Kansas, South Dakota, Texas and Washington currently have statutes limiting security freezes to victims of identity theft. The District of Columbia, New Mexico and Wyoming are the most additions to have passed security freeze laws for all their residents.

Which security freeze laws are in effect, and, if a state has passed a law that is not in effect, when will that law go into effect?

California—all consumers—available
Colorado—all consumers—available
Connecticut—all consumers—available
Delaware—all consumers—available
Florida—all consumers—available
Hawaii—victims only—available
Illinois—all consumers—available
Kansas—victims only—available
Kentucky—all consumers—available
Louisiana—all consumers—available
Maine—all consumers—available
Minnesota—all consumers—available
Nevada—all consumers—available
New Hampshire—all consumers—available
New Jersey—all consumers—available
New Mexico—all consumers—available July 1, 2007
New York—all consumers—available
North Carolina—all consumers—available
Oklahoma—all consumers—available
Pennsylvania—all consumers—available
Rhode Island—all consumers—available
South Dakota—victims only—available
Texas—victims only—available
Utah—all consumers—available September 1, 2008
Vermont—all consumers—available
Washington—victims only—available
Wisconsin—all consumers—available
Wyoming—all consumers—available July 1, 2007

How do I place a freeze?

For detailed instructions please go to:

http://www.consumersunion.org/campaigns//learn_more/003484indiv.html in order to find the instructions for your state.

Generally speaking:

In most states, to place the freeze you need to write a letter giving personal details to each of the three consumer reporting agencies (Equifax, TransUnion and Experian.) Most state laws require that you send this letter by certified mail. In that letter you need to include personal information: complete name (including Jr., III, etc.), date of birth, Social Security Number, current residence, residence over the past 5 years, any name changes, etc.

Equifax, for example, requires:

- name - address - date of birth - social security number - proof of current address such as a current utility bill - payment of any placement fees, if applicable

In most states, if you are a victim of identify theft you need not pay fees, but do need a police report or a similar report from a government agency describing the theft.

If you are not a victim of identity theft, in most state you must pay a fee to place and lift your security freeze.

Does placing a freeze affect my credit score?

No. Placing a freeze has no effect on your credit score.

How long does a freeze last?

A freeze generally lasts until you remove it.

*Prepared by:
Gail Hillebrand
West Coast Office
Consumers Union of U.S., Inc.
(415) 431-6747*

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