



## More People Are Freezing Credit Reports

Fearful of ID Theft, Consumers  
Block Access to Their Records;  
A Quick Thaw, Made Easier

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Spooked by the possibility of identity theft, increasing numbers of people are taking a radical approach to thwart criminals: They are putting their credit reports on permanent freeze.

A frozen credit report prevents almost anyone from using your name to take out a loan or sign up for credit, such as a credit card, a bank account or cellphone service. That is because, with a freeze in place, potential new creditors can't get access to your credit record kept on file by the three main credit-reporting bureaus without your explicit permission.

### LOCKING DOWN YOUR CREDIT

Credit freezes can help thwart identity thieves. Here's what to consider:

- Credit bureaus are making freezes easier and quicker.
- Some states are requiring bureaus to cut fees.
- Applying for a freeze can be cumbersome, and can put an end to instant credit approvals.

Michael Dana, a Dallas police detective, chose to freeze his credit reports after a Texas law took effect last month that made freezes available to all residents. Mr. Dana says he received several notices from financial institutions and the government saying that some of his personal information may have been compromised. "You can try to shred all your documents," says the 42-year-old. But "I'd rather shut my credit down and have the best security in place and not be a victim at all."

An estimated 50,000 to 70,000 people have so far signed up for credit freezes, according to the Consumer Data Industry Association, a trade group that includes the three credit bureaus. Consumer groups expect that number will grow after the bureaus -- **Experian Group Ltd.**, TransUnion LLC and **Equifax Inc.** -- recently announced plans to offer credit freezes nationwide by next month. The bureaus' action comes after 39 states and the District of Columbia enacted laws in recent years allowing consumers to freeze their credit, though some states limit the option only to identity-theft victims.

Florida enacted a credit-freeze law last year, and Jimmy Glass and his wife signed up the same day. "Just the thought of someone else being able to assume your identity and rack

up thousands of dollars in your name -- that's just unthinkable," says Mr. Glass, of Orlando. "I have all the credit cards I need, no mortgage and no need for any car loans, so I just decided to shut it down."

Sometimes a brush with identity theft prompts people to take action. Dave Schreima of Long Beach, Calif., says someone recently got a hold of his bank-account number and started making unauthorized withdrawals. "I had already decided to freeze my records. That just kind of prompted me that this is the time to do it," says the 49-year-old retired computer programmer.

"New account fraud is more serious than people hijacking your current accounts because you can go for a very long time and not realize that there's an account in your name at a store you never shop in," says Claudia Bourne-Farrell, a spokeswoman at the Federal Trade Commission.

Freezing your credit can be cumbersome. You generally have to write a letter to each of the credit bureaus and pay a fee of about \$10 to each. Although you can temporarily suspend the freeze, doing so could take several days and, in many cases, means paying more fees.

When your file is frozen, the bureaus assign you a personal identification number, which you will need to remove the freeze from the file. To lift the freeze, you must notify the bureaus and specify the amount of time you want the lift in effect. With a fee of \$10 per bureau in many states, it can cost a married couple as much as \$60 to initiate a freeze across all three bureaus and another \$60 to lift the freeze. Freezes are typically free for people who provide a police report confirming they were victims of identity theft.

The credit bureaus are generally promising to lift a credit freeze within three business days of receiving the request. But some states are forcing them to go further. Beginning next year, Utah and the District of Columbia, for instance, will require the bureaus to lift the freezes for state residents within 15 minutes. Keep in mind that even if you don't plan to borrow money, you may need to suspend a credit freeze to get an insurance policy, cellphone or utility service, an apartment or even a job.

Some states also are requiring the credit bureaus to charge lower fees in their states. As of last month, Indiana residents can request, lift or a remove a freeze for free, while consumers in other places, such as Nebraska and Delaware, pay only a one-time fee to place the freeze with no additional costs to remove the freeze. Some states, including New York, New Jersey and Montana, require that bureaus charge fees of \$5 or less.

Consumers can get more information on states' credit-freeze laws, along with general guidelines on how to place a freeze, at [www.financialprivacynow.org](http://www.financialprivacynow.org), a site run by Consumers Union.

The strategy isn't a total answer to identity theft: for example, a freeze won't stop someone from stealing your existing credit-card numbers and using them fraudulently. A freeze also doesn't prevent existing creditors and certain government or state and local agencies from accessing your credit files.

Identity-theft experts say that freezes are often best-suited for people who have little need to apply for new credit, such as children or for elderly parents, or for those who have already paid off their mortgages, car loans and credit cards. Even with a freeze in place, consumers can still order their own credit report. A freeze also doesn't lower an individual's credit scores.

Credit bureaus say there are less-cumbersome ways to prevent financial-identity theft. "File freezing is really the extreme measure," says Rod Griffin, Experian's manager of public education. "It can be the right thing for a person who has an extreme issue with identity theft, but if you freeze your credit file, you're removing yourself from the credit marketplace."

### Protecting Your Identity

Consumers can take a number of steps to prevent thieves from opening new accounts in their name. Here are three popular options:

Tool	What It Is	How To Get It	Cost	Comment	Best Suited For
<b>Credit Freeze</b>	Locks down your credit files at credit-reporting agencies so identity thieves can't open new accounts in your name.	In many states, consumers will need to send a letter to each of the three major credit bureaus to place a freeze.	Fees, which vary by state, can range from free to \$10 per bureau, to place, temporarily lift or permanently remove a credit freeze.	Considered to be among the most effective tools to prevent new account fraud. But applying for new credit takes advance planning.	Those who are worried about identity theft and who aren't likely often to need new credit.
<b>Credit Monitoring</b>	Customers get an alert, typically by email, when something changes in their credit files.	The three credit bureaus—Equifax, Experian and TransUnion—plus Fair Isaac, offer credit monitoring.	Can range from \$4.95 to \$14.95 a month.	Can provide early warning signs of unusual activity.	Consumers who want to keep an eye on their credit and are still active in applying for credit.
<b>Fraud Alert</b>	A special message on your credit report that requires lenders and merchants to verify an applicant's identity to open a new account.	Contact one of the three credit bureaus to place an alert. That bureau will contact the other two.	Free	Less burdensome than credit freezes, although there is the risk that some lenders may ignore the alerts.	Consumers who suspect that they have been, or may become, victims of identity theft.

Source: WSJ research

Other tools are available for people concerned about identity theft but not inclined to freeze their credit reports. For people who are still active in applying for new credit, credit-monitoring services, offered by the credit bureaus for a fee of between \$4.95 and \$14.95 a month, typically send email alerts to customers if there is unusual activity or changes in their credit files.

Consumers can also place free 90-day fraud alerts against their credit files, which require lenders and merchants to verify an applicant's identity before opening a new account.

(Victims of identity theft qualify for alerts lasting longer than 90 days.) But consumer advocates say that some lenders may not take the alerts seriously, especially if they are eager to sign you up for a new loan.

Scott Marberblatt of Swampscott, Mass., says he uses several credit-monitoring services to alert him to potential identity theft. But the 46-year-old small-business owner says he plans to drop some of these services, thereby saving "a decent amount of money," and instead freeze his credit after the option becomes available at all three bureaus next month.

"The whole purpose of the credit freeze is to keep yourself from being victimized in the first place," says Kirk Torgensen, chief deputy in Utah's attorney general's office. Once Utah's credit-freeze law goes into effect in September -- which will, among other things, require the credit bureaus to lift a freeze within 15 minutes of a consumer's request -- the attorney general's office plans to support the law with public-service campaigns in print and TV.

Jaimee Napp of Omaha, Neb., says she recently froze her credit reports after her state's credit-freeze law took effect last month. Ms. Napp, a vocal supporter of the legislation as it was being considered, was herself a victim of identity theft two years ago when a former co-worker opened new credit cards in her name. "I would rather go through and plan my credit purchases with a little more caution than have to deal with cleaning up the credit reports after it's been damaged," says the 36-year-old, who now runs a nonprofit group that helps identity-theft victims.