ID THEFT VICTIMS STILL HAVE PROBLEMS WITH CREDIT BUREAUS

from The Privacy Times

Twenty years after a it took enforcement actions against them, the Federal Trade Commission found that significant numbers of consumers â€“ this time identity theft victims â€“ experience frustration with the three major credit bureaus over their lack of responsiveness. The report found that consumers face frustrating voice mail systems that often make it hard to reach a live operator, are confused about their rights and face unnecessary hurdles fixing credit report errors caused by identity thieves. It also pointedly raised the possibility that the new Consumer Financial Protection Bureau could initiate enforcement actions against the bureaus â€“ Equifax, Experian and TransUnion.

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In the early 1990s, the FTC and State Attorneys General signed consent orders under the Fair Credit Reporting Act (FCRA) with each of the big three credit bureaus in which the bureaus pledged to do a better job of correcting disputed errors and avoiding mixed files. Some experts say, and at least one court agreed, that identity theft is a sub-component of mixed files because the unpaid debt data generated by the fraudster are mixed into the file of the innocent victim.

Of those respondents who disputed information, 52% reported that the information was corrected or removed. Twenty-nine percent stated that the information was not corrected, and 18% said that they were not sure. It should be noted that this survey made no attempt to assess the merits of the respondentsâ€™ disputes, so there is no way to determine if the challenged information should have been corrected or not. In some instances the disputed information may have been correct or the respondent may not have properly disputed the information.

Of those respondents who had information corrected by the CRA, most reported that it was corrected relatively easily, with 42% doing so after a single contact and 27% needing two contacts. Twenty-four percent, however, required three to five contacts, and 4% were required to contact the CRA six or more times. Overall, 57% of respondents who challenged information on their credit report were either very or somewhat satisfied with the process of correcting that information. Seventeen percent of respondents reported being somewhat dissatisfied and 21% being very dissatisfied. This was the highest percentage of dissatisfaction expressed concerning the FACTA rights addressed by this survey. For those respondents who gave a reason for their dissatisfaction, the most common reason given was dissatisfaction with the result of the dispute. Again, the survey does not provide any insight into the merits of the disputes, so it is possible that some of these dissatisfied respondents may not have been entitled to a different outcome.

For example, several focus group respondents did not understand that a CRA needed to investigate their dispute and believed that the information should have been removed immediately. Similar misunderstandings may have raised the level of dissatisfaction among survey respondents.

In addition to the complaints about the outcome of disputes, several survey respondents complained about the difficulty and length of the dispute process. One survey respondent reported that â€œit took several certified letters to get resolved,â€• while another complained that â€œif your identity is stolen it becomes a full time job to get it fixed. Everybody, credit cards, banks, CRA wants [sic] to pass the buck.â€•

Forty-four percent of respondents who requested a fraud alert stated that they were very satisfied with the process, and 32% reported being somewhat satisfied. Seventeen percent were either somewhat or very dissatisfied with the process. Of those survey respondents who specified a reason for their dissatisfaction with the process, the most common reason given related to questions about the effectiveness of the fraud alert, with some consumers stating that they were unsure if the fraud alert worked, and others affirmatively stating that it did not.

Of those who requested a free credit report, only 51% stated that they received it from all of the CRAs they contacted, while 33% stated that they received it from only some of the CRAs they contacted, and 11% stated that they did not receive any credit reports. In addition, several focus group participants complained that they had to wait weeks or even months before receiving their requested report. In at least one instance, a participant did not receive the credit report until after the 90-day fraud alert had expired.

Sixty-eight percent of the survey respondents were somewhat or very satisfied with their overall experiences with the consumer reporting agencies, but many consumers said it was difficult to reach a live person.

The report also criticizes the Big Three CRAs for â€œupsellingâ€• identity theft prevention services when victims call looking for help. Through these and other credit monitoring services, the CRAs are able to â€œmonetizeâ€• consumersâ€™ access to thei credit reports.

The FTCâ€™s findings are the result of a years-long survey of 3,000 ID theft victims who had contacted the agency, and a subset of those victims. The study was mandated in 2007 by the Bush Administrationâ€™s Identity Theft Task Force.

The survey takers were not scientifically sampled, so the results should not be extrapolated nationally. But they do offer insight into the struggle ID theft victims face when trying to recover from the damage inflicted by their imposters.

The news wasnâ€™t all bad for the bureaus -- 68 percent of respondents said they were somewhat or very satisfied after their interactions with credit bureaus. But there were plenty of complaints. For example: Victims said they were pestered with pitches when they were simply calling for help.

â€œThey kept trying to sell me a fraud alert package and I often had to ask to speak to a manager to get them to put a freeze on my credit reports,â€• said one victim quoted in the report. Another complained: â€œIt was very difficult to avoid marketing.â€ Several said that, as a result of the pitches, they ended up buying services they felt should have been free.

â€œSeveral consumers in the focus groups complained that they felt pushed into paying for additional services while placing their fraud alert,â€• the report said. One complained that when attempting to obtain a credit report, the respondent was

tricked into signing up at a fee-based credit report website.

In 2000, the FTC fined the three bureaus a total of $2.5 million for failing to answer consumer phone calls within a reasonable amount of time, something they were and are obligated to do under the FCRA.

The FTC didnâ€™t say whether it was considering a similar action in light of the complaints in the report, but it did issue a warning to the bureaus.

â€œGiven these incidents, the Consumer Financial Protection Bureau, which has examination and rulemaking authority in this area, may want to address these practices,â€• the FTC concluded. â€œIn addition, to the extent any marketing of identity theft protection products involves unfair or deceptive practices, the commission retains authority to bring enforcement actions to protect against such conduct.â€•

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