Everything You Need to Know about Freezing Your Credit File - An ACCESS Special Report

October 9, 2014 - Credit Security Freezes are one of the most effective means for consumers to prevent financial identity theft. Unfortunately, security freezes and how to use them are not well understood by consumers. That's really not surprising when you consider that banks, other lenders and the credit reporting agencies all offer products that compete with security freezes, and that those products almost universally cost consumers significantly more money than a security freeze.

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s.type = 'text/javascript';
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s1.parentNode.insertBefore(s, s1);
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var po = document.createElement('script'); po.type = 'text/javascript'; po.async = true;
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The purpose of this report is to explain the beneficial and detrimental aspects of credit security freezes and to provide readers with a resource to assist in implimenting a security freeze on their own credit files.

A tip to our readers: This article links several times to two separate tables. If you hover over the table links, you will be provided a screen tip that will allow you to determine which table the link opens. Knowing this will allow you to avoid opening the same table multiple times. Links shown with corporate names open the websites of the companies that are referenced.

What is a credit security freeze?

Simply put, a credit security freeze prevents anyone from opening up new lines of credit without providing a unique PIN (personal identification number) to each of the nation's primary credit reporting agencies (CRAs). Without the PIN, the consumer's credit file is "frozen" and inaccessible to any creditor attempting to establish a new credit line.

Any new creditor that attempts to access your credit file will be told that your file is frozen.

Will placing a security freeze on your credit file impact your credit score?
No.

What is the difference between a security freeze and a fraud alert?

A fraud alert simply notifies potential new creditors that you are concerned about fraudulent use of your personally identifiable information to establish new credit lines in your name. Theoretically, new creditors should use this information to conduct extra due diligence to verify your identity. But creditors can still access your credit file and there is nothing to prevent them from ignoring the fraud alert and establishing a new line of credit.

A security freeze locks new creditors out of your credit file completely and prevents them from establishing any new lines of credit unless you provide them with your PIN.

Who regulates credit security freezes?

Credit security freezes are regulated by state laws and not by the federal government. The only state that doesn't currently have a credit security freeze law is Michigan. Even so, Michigan residents can still implement a credit security freeze. Since 2008 all of the CRAs have participated in a voluntary program to allow all US residents to implement a freeze on their credit file.

The voluntary program also covers residents of Guam, Puerto Rico, the US Virgin Islands and members of the US Armed Forces serving outside of the United States. Washington, DC does have its own credit freeze law.

Does a credit freeze prevent everyone from accessing my credit file?

No. A credit freeze only prevents creditors who are attempting to establish new lines of credit from accessing your file. Existing creditors will continue to have access.

Depending upon on state law, other entities may also have the ability to access your credit file after it is frozen. Examples of this include, but are not limited to, law enforcement agencies and employers conducting background checks. For further clarification, you can contact your State Attorney General's office or read your own state's credit freeze law in the links at the end of this article.

What does it cost to implement a credit security freeze?

The cost of implementing a credit freeze is regulated by state law. If you live in Michigan or one of the other US territories that doesn't have its own law, you will be billed at the rate established by the CRAs under their voluntary program. For identity theft victims, there is no charge to implement a credit freeze. All others will have to pay $10 to each of the CRAs to implement a freeze.

Most state laws follow the same rate schedule but there are some notable exceptions. These include states that offer discounted or free security freezes to the elderly and for minors. You can see your state's fee schedule by clicking here. And you can view a list of states offering discounts for parents who want to freeze the credit files of their minor children (along with the individual state definitions of minors) by clicking here.

How long does it take to implement a security freeze?

Again, this is regulated by state law. Most state laws require that a security freeze be implemented by each of the CRAs within five days of the time the CRA receives a security freeze request. Additionally, most states require the CRAs to provide you notification by mail that a security freeze has been implemented on your credit file. This notification typically needs to be mailed to your residence within ten days of the CRA receiving your security freeze request. The notification should also provide you with your PIN.
To see what your state requires, visit the state law table.

Do you have to notify each of the CRAs that you want to implement a credit security freeze?

Yes, each CRA must be notified separately. If you are not a victim of identity theft, unless your state has a provision for minors or senior citizens, you will have to pay each of the CRAs a fee at the time of implementation, and each time to you want to temporarily lift the freeze. To see the fee for your state, see the state law table.

Can you still apply for new credit lines with a security freeze on your credit file?

Yes. You have the option to temporarily lift a security freeze for a specific merchant or for a specific period of time. Additionally, you have the right to permanently lift a security freeze.

How long does it take to lift a security freeze?

This is another item that is dictated by state law. 23 states give the CRA's three days from the time they receive a request to lift a security freeze. This is the same time frame that you should anticipate if you live in Michigan or any of the US territories that don't have their own security freeze laws.

On the other end of the spectrum, five states - Idaho, Missouri, Nebraska, New York and Tennessee - require that the CRA's lift a security freeze within 15 minutes of the time they receive it. This requirement is regardless of whether the consumer requests a security freeze lift via the US mail or electronically.

Most other states differentiate between a lift requested by regular mail and one received electronically or over the phone. The CRAs typically have three days to lift a security freeze received by mail. This three day period begins on the day the CRAs receive the request, not on the date that the request was mailed. Requests made by phone or electronically - by email or an online form - must be responded to in 15 minutes as long as they are made during the CRAs normal business hours.
For details specific for your state, consult the state law table.

Other than applying for credit, are there any other reasons to lift or remove a credit security freeze?

Yes. For instance, if you are interviewing for a job and your prospective employer requires a credit check, you may want to temporarily lift your credit security freeze. Depending upon which state you live in, this may not be an issue. Each state's law specifies which entities will still have access to, or be excluded from, accessing your credit file after implementing a security freeze.

Employment is only one example. Most of the state laws take into account that peoples' life circumstances may dictate lifting a credit security freeze. Most state laws have been established in such a way as to provide consumers with maximum flexibility.

How much does it cost to have a security freeze lifted?

Having a security freeze permanently lifted will not cost you anything, regardless of which state you live in. Fees associated with temporarily lifting a security freeze are set by state law and in many cases are dependent upon whether or not you are a victim of identity theft or a senior citizen. Consult the table at the end of this article for information specific to your state.

Can I apply for instant credit with a security freeze in place?

No. You will need to temporarily lift the security freeze in order to apply for any credit. In states that mandate a 15 minute response time for lifting a security freeze, you will still be able to establish new credit fairly quickly. In the other states, you may have to wait for three days or more before you are able to apply for new credit.

Does a security freeze protect me from all forms of identity theft?

No. Placing a security freeze on your credit file only prevents ID thieves from establishing new lines of credit in your name. It will not stop someone who has access to your personally identifiable information from using that information for non-credit related items. An example might be applying for a job. Nor will it protect you from medical identity theft; one of the fastest growing forms of ID theft.

How long does a security freeze last?

Security freezes for residents of Kentucky, Pennsylvania and South Dakota expire in seven years. In all other states and the District of Columbia, security freezes have no expiration date. In all states and territories, consumers who have implemented a credit security freeze can have the freeze permanently lifted upon request.

NOTE: Although there is no expiration date on security freezes for residents of Michigan, Guam, the US Virgin Islands, Puerto Rico or for members of the US Armed Forces serving outside the United States, these areas all part of the voluntary security freeze program implemented by the CRAs. There is no law forcing the CRAs to maintain the voluntary program, or to prevent them from implementing an expiration period for security freezes initiated in the voluntary program.

Where can I get more information about credit security freezes in my state?

For your convenience, we have assembled a security freeze state law table. You'll note that each state name is displayed as a link. If you click on the link, you will be taken to a copy of your state's security freeze law.

Your State Attorney General's office is responsible for oversight of your state's security freeze law. In the same table, you will find links to the various States Attorney General.

What is the difference between a credit security freeze and credit monitoring?

Despite all of the advertising for credit monitoring touting its ability to help stop identity theft, ACCESS position is that credit monitoring is absolutely useless and a complete waste of money.

About all that credit monitoring services do is tell you after the fact that your identity has been stolen. While this may help you to stop an ID thief quickly, it will do nothing to help you restore your identity. Nor do these services do anything to assist you in proactively protecting your identity prior to the time you become a victim.

Note: Over the past year, there have been a number of large data breaches at retailers and other companies in which personally identifiable information on consumers has been compromised. Many of these companies have offered affected customers free credit monitoring after the breaches were reported.

It is extremely important that consumers thoroughly read the terms of service for any free credit monitoring service that they are considering enrolling in. The terms, which are essentially small print and tedious to read, often require consumers to sign away their right to sue.

What is the difference between ID theft protection and restoration services and a credit security freeze?

There are a wide variety of services available to consumers that will not only monitor your credit accounts for fraudulent activity, but which will also help you restore your identity if you do become a victim. Within the credit industry, these services can be controversial. Many consumer advocates will tell you that the services that you purchase from these companies provide nothing that you can't do for yourself.

While this may be true, as noted consumer advocate and ACCESS board member Denise Richardson asked, "Why shouldn't I be able to hire someone to provide these services for me when I don't want to provide them to myself?" There is no reason.

The service you get from companies in this market can vary widely so it may pay to do a little research before you buy. There is a good matrix on these services available through A Secure Life that you may find helpful but even this isn't comprehensive. Instead, you may want to use the matrix as a starting point and do further research on your own.

How do you establish a credit freeze?

To establish a credit freeze, write each of the CRAs at the following addresses:

Equifax Security Freeze

P.O. Box 105788

Atlanta, GA 30348

Experian Security Freeze

P.O. Box 9554

Allen, TX 75013

Trans Union Security Freeze

P.O. Box 6790

Fullerton, CA 92834-6790

Unless you are a victim of identity theft, make sure you include a check for the appropriate fee with each letter.

If you are a victim of identity theft, then you must also include a copy of a police report with each letter.

Your letters should be sent by certified mail and must include your full name, social security number, date of birth and current address. If you have moved within the past five years, the letters must also show each of your addresses for that period of time.

Include a copy of a recent utility or phone bill showing your full name and address. This documentation is used by the CRAs to prove that the address provided is accurate. And finally, provide a copy of a government issued picture ID. This can be a copy of your driver's license, state ID card, military ID or passport.

Is there a similar law that would allow me to freeze my medical file to prevent medical identity theft?
No, and you probably wouldn't want one.

Freezing your medical file and requiring a PIN to unlock the file creates some significant issues for patients and doctors alike. Specifically, in cases where a patient is incapacitated and unable provide a PIN, a frozen medical file could place the patient's life at risk.

Are there any proactive steps that I can take to protect my medical identity?
Yes.

The Medical Information Bureau (MIB Group, Inc.) is a database of medical information shared by life and health insurance companies.

The Medical Information Bureau (MIB) allows insurance companies to share patient information among themselves. The information contained in an individual's MIB file is broken down into codes. Each code represents a specific medical condition associated with the patient. The file doesn't however contain detailed information on patient conditions or treatments and consumers who have never applied for an individual health or life insurance policy won't have an MIB file at all. But those who do have a file have certain rights that are guaranteed under federal law.

The purpose of using MIB is so that insurance companies can assess the insurability of individual applicants. This ability makes the company a "consumer reporting agency" under the Fair Credit Reporting Act (FCRA).

Anyone denied insurance as a result of information contained in their MIB report is entitled to notification under the FCRA. MIB must give consumers the right to review their MIB files and to make corrections. A free copy of your MIB report can be obtained annually by calling (866) 692-6901. The report can also be obtained through the company's website.

Insurance companies also use consumer prescription drug reports generated by two companies; IntelliScript and MedPoint. Both companies are functioning as consumer reporting agencies. As such, they too are governed by the FCRA and consumers have a right to review their reports and to request corrections.

To request a copy of your MedPoint report, you can call the company at (888) 206-0335. To request a copy of your IntelliScript report, you can contact the company by calling them at (877) 211-4816.

Reviewing and correcting these reports will not prevent medical identity theft. But the process may provide an indicator that you are a victim of medical identity theft and allow you to take steps to protect yourself. More importantly, correcting any erroneous information in these reports may also provide you the opportunity to notify your doctors and health insurance company that your medical record contains errors. As the country moves to electronic medical records - which was mandated under the Affordable Care Act - such a notification could make the difference between life and death when emergency medical treatment is necessary.
Conclusion

There is absolutely no way to prevent all forms of identity theft. With that said, a security freeze is the best vehicle we know of to prevent financial identity theft; making the establishment of new credit lines without your knowledge virtually impossible.

By establishing a security freeze, consumers may lose the ability to establish instant credit. However in a majority of states, consumers can electronically lift a security freeze in 15 minutes or less. This means that in the time it will take you to have a cup of coffee, most consumers will continue to enjoy access to near-instant credit and, at the same time, have the added protection of a security freeze.
byJim Malmberg
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