

Senator Charles Schumer Proposing Overhaul of the Way Consumers are Notified about Identity Theft

June 25, 2015 – Sen. Charles Schumer (D-NY) has sent a letter to Experian, Equifax and TransUnion proposing major changes to the way consumers are notified about potential identity theft. The response he's received hasn't exactly been overwhelming. That's probably because the costs associated with implementing his plan would be huge for the three companies involved. But they would be very good for consumers.

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If Senator Schumer gets his way, credit monitoring will become a thing of the past. He has proposed that consumers be allowed to sign up for notifications any time someone attempts to take out credit in their name. The notifications would be real-time and the consumer would be given the option of freezing his or her credit immediately. A credit freeze would prevent any lender from issuing new credit in the consumer's name.

Not surprisingly, the response from the credit repositories has been less than warm. A Wall Street Journal article states, "The Consumer Data Industry Association, which represents Equifax, Experian and TransUnion, declined to comment on Sen. Schumer's proposal. The group says the industry has measures in place that provide consumer protections. The three firms allow consumers to request fraud alerts at no cost for a certain period of time on their credit reports, which require lenders to take additional steps in verifying the identity of the person applying for credit before approving them," says Norm Magnuson, a spokesman for the group.

But what is at stake are billions of dollars in annual revenue for these companies. Each of them sell credit monitoring services for \$15 to \$30 per month and they all charge \$10 to consumers who want to freeze their credit reports (unless

the consumer has been a victim of identity theft). Schumer is proposal would be free for all consumers.

His proposal would have significant benefits for consumers. Today's credit monitoring services only inform consumers that they have been victimized after a crime has already been committed. The Schumer proposal would provide notifications as the crime was being attempted. Furthermore, there is no solution available today that allows consumers to freeze their credit on the spot.

ACCESS would suggest that Schumer have his proposal included in the data breach bill that is currently being pushed through congress. We've repeatedly said that this bill is a real lemon and would ultimately make consumers less safe than they are today. But if the Schumer proposal was included in that bill, it could turn that lemon into lemonade. It would place control of your credit file in your hands and take it out of the hands of the credit repositories.

by Jim Malmberg

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