# How to Avoid Identity Theft Using Credit Freezes - Updated: June, 2014

A credit freeze is something that consumers living in all states can now request. It prevents unauthorized access to your credit file.

Here at ACCESS, weâ€™ve decided that someone in our organization should go through the process so that we can tell you what to expect if you decide to request a Security Freeze, also known as a credit freeze.  I volunteered, if for no other reason than I am concerned with ID theft.

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var s = document.createElement('SCRIPT'), s1 = document.getElementsByTagName('SCRIPT')[0];
s.type = 'text/javascript';
s.src = 'http://widgets.digg.com/buttons.js';
s1.parentNode.insertBefore(s, s1);
})();

(function() {
  var po = document.createElement('script'); po.type = 'text/javascript'; po.async = true;
  po.src = 'https://apis.google.com/js/plusone.js';
  var s = document.getElementsByTagName('script')[0]; s.parentNode.insertBefore(po, s);
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You should know that there are long lists of people and companies that will still have access to your file after you place a freeze on it. These include any current creditors, the government, and anyone that you authorize to have access within specific parameters. Since this is a multipart series of articles, at the end of the series, Iâ€™ll furnish more detailed information regarding who specifically will still have access to your file.

For now, there are a few things that you do need to be aware of if you want to freeze your credit file.

First and foremost, all credit freeze laws are not created equally.

Both California and Louisiana allow consumers to freeze their credit file for any reason. All that is required is a certified letter to each credit repository along with a payment that is dependent upon which state you live in. If you are a victim of identity theft, then you can skip the payment completely, but you will need to furnish a copy of your police report.

Other state laws may only allow you to place a freeze on your credit file if you have already become a victim of identity theft. One could argue that this is like closing the barn door after the horse has already left. While not ideal, the credit bureaus themselves have not adopted policies that allow all US citizens to freeze their credit file regardless of what their state laws may say.

Unlke fraud alerts - which consumers can also place on their credit file - merchants do not have the luxury of ignoring a

credit freeze. If you have frozen your credit file and a merchant requests information on you from one of the repositories without your authorization, the merchant wonâ€™t be given access to it. That means no credit score and no credit report. It also means that credit wonâ€™t be granted, giving you nearly iron clad protection.

A credit freeze is the only sure way to avoid identity theft at this time. That is why you may want to consider freezing your credit file. NOTE: A credit freeze will only prevent economic identity theft. It will not prevent medical identity theft.

Secondly, having your credit file frozen is not a one-step process. You have to notify each of the credit repositories (Experian, Equifax and Trans Union). You also have to pay each of the repositories, unless you are a victim of ID theft.

Having a credit freeze placed on your file does not mean that you give up access to credit, although you are giving up access to instant credit. You do have the power to lift the freeze, either for a specific amount of time, or for a specific merchant. The process for this can be somewhat cumbersome, but it is manageable.

When you freeze your file, the repositories will each send you a letter. This letter contains all the information that you need to lift your freeze. In a nutshell, you can either write to each repository or call them. In the letter, you are furnished with a PIN that you will need to identify yourself. You will then be charged a fee. In California, the fee is $8 per repository, unless you are lifting a credit freeze permanently, which will cost you nothing. Regardless of whether you lift the credit freeze for a specific period of time or for a specific merchant, you will need to furnish your PIN to any merchant that you want credit from.

Note: The letters from the repositories that contain your PIN are extremely important. Do not lose or misplace them because you will be required to prove your identity if you donâ€™t have your PIN. This means supplying copies of items like your driverâ€™s license, Social Security Card and utility bills.

Now, onto the actual experience.

We decided to begin freezing my credit file, one repository at a time. This decision was made largely to minimize headaches. We didnâ€™t really know what to expect in the process, and there were not a lot of sources of first hand information on credit freezes at the time we began the process. In fact, fewer than 2,000 people in California had their credit files frozen when we began the process.

We also decided that ordering a copy of my credit report would be prudent, prior to implementing a freeze. Ordering the credit report was the first interesting experience in this process.

Because Iâ€™m a Californian, I started my journey with the Californiaâ€™s privacy office (www.privacy.ca.gov). Among other things, this particular office is charged with pointing consumers toward state mandated programs that can assist them in matters of privacy. Credit freezes do impact privacy because they prevent your credit information from being sold or widely distributed. This organizations website provided me with the proper repository contact information for my state, as well as a sample letter to send to the repositories.

Since this article was originally written, the federal government has implemented a program that requires the credit burueas to provide one free credit report each year to all consumers who request it. Consumers interested in making such a request can visit www.AnnualCreditReport.com. This is the only government authorized site for free credit reports.

The state agency responsible for overseeing credit freezes is dependent upon which state you live in. You will find more details at the end of this article.

Since I was implementing my credit freeze one repository at a time, the first repository selected was Trans Union. While each of the repositories is national, they are all stronger in certain geographic areas than they are in others. Trans Union

has less impact in my area than it does in some others. Therefore, if the freeze was going to create any problems for me, selecting Trans Union would minimize them.

The state website mentioned above provided me with an 800 number to contact Trans Union. When I called the number, I got an automated attendant that gave me a lot of prerecorded information. I went through each of the menu options listed, a process that took about twenty minutes. As an interesting point, the Trans Union number gives consumers a recitation of their rights. One of these is the right to order a credit report for $8. This charge is limited by California state law. Although we Californians may have this right, the hotline gives no information about placing such an order and consumers have a right to a free copy of their credit report annually (as previously noted) or if they have already been vicitmized by identity theft.

I was forced to go to â€œplan Bâ€•, which in this case meant venturing to the Trans Union website. The very first thing that I noticed here was that the site is trying to sell a number of services â€“ all of them over $8. After working through a number of site links, I found the link to order my credit report for the $8 specified by California law.

When you place your order, you will be required to enter a variety of information, including SSN. There is a statement that you must agree to under penalty of perjury stating that you are who you say you are. You must also acknowledge that you may be sent to prison if you lie. It is important to note that by filling out this form, you are providing a legally enforceable digital signature.

After agreeing, I was asked a number of questions in an attempt to verify identity. By verifying my identity online, I was told that I would be given instant access to my credit report.

Unfortunately, I couldnâ€™t prove that I wasâ€¦ well, me! The questions that I was asked led me to believe that my credit report was in very bad shape. They included:

- My credit limit on my existing MBNA MasterCard â€“ I cancelled this account approximately two years ago. I had no idea what the credit limit was.

- My monthly mortgage payment on the mortgage that I took out in 1998 â€“ Well, this one was a real surprise. I didnâ€™t take out a mortgage in 1998. More startlingly, the monthly payment options ranged between $34,000 to more than $45,000. These numbers are slightly above what I consider to be a reasonable mortgage payment, but thatâ€™s just me!

- The bank I had my mortgage payment with in 1991 â€“ Now I did take out a mortgage to purchase a home in 1991, but I only owned the property for three years before I purchased my current home. Unfortunately, that particular mortgage was sold so many times that I had no idea who was responsible for it. They gave me four possible answers. They should have offered a fifth. "All of the above"

- Finally, I was asked what chain of gas stations had extended me credit in 1986. For the life of me, I had no idea. Interestingly enough, this turned out to be the question they really wanted me to answer. More interestingly, I wasnâ€™t the one who applied for this credit card. It was my wifeâ€™s account and she opened it before I even met her. Now Iâ€™ll grant you that she had a card issued in my name after we were married. I just find it bothersome that the question they used in order for me to verify my identity was about a line of credit that I hadnâ€™t personally initiated.

In any case, I couldnâ€™t answer their questions so I was not given instant access to my file. The credit report was mailed to me, a process that took about two weeks.

When I did receive my report, I was pleasantly surprised. With the exception of a couple of minor errors, it was fairly accurate. I started the process to dispute the errors. I then sent my certified letter to Trans Union, requesting that they implement the credit freeze. On Tuesday, 8/17/04, I received the letter from Trans Union that they had complied with my request. In this letter they also furnished me with my PIN.

This entire process was started on 7/20/04. Because Iâ€™m taking a step by step approach, and being very cautious, it is taking longer than it may take you.

Since implementing the freeze through Trans Union, I have not had any difficulties. One significant fear was that my ability to write checks to local merchants might be impacted. This is because certain check verification services use credit reports as one of their methods to say a check is good. So far, this has not been a problem.

I recently ordered and received copies of my credit reports from the other repositories. Iâ€™ve also started dispute resolution procedures with them on some errors. If I find that by the end of this coming weekend I have had no issues writing checks with the Trans Union freeze in place, I will be sending a letter to the next repository early next week implementing the second freeze.

As I go through this process, Iâ€™ll continue to provide you with updates. In the end, ACCESS will be able to provide a comprehensive consumer guide on Security Freezes.

by Jim Malmberg

Consumer Resources:

The following are resources that will assist you in implementing a credit freeze.

California:

Text of the California Financial Information Privacy Act - http://www.leginfo.ca.gov/cgi-bin/displaycode?section=fin&group=04001-05000&file=4050-4060

Instructions for California residents to initiate a Security Freeze. This page also has a set of links for sample letters to the repositories and a nice Q&A section - http://www.privacy.ca.gov/financial/cfreezeon.htm

Louisiana:

Louisiana State Attorney Generalâ€™s web pages on Security Freezes â€“ Gives contact information for the credit repositories and instructions for implementing a credit freeze. The actual law does not take effect until 7/1/05. http://www.ag.state.la.us/calerts/alert0004.aspx

Texas:

ACCESS instructions on implementing a security freeze if you live in the state of Texas â€“ click here

Copy of Texas law that allows Security Freezes â€“ click here

Vermont:

Copy of Vermontâ€™s law to allow Security Freezes as of 7/1/05 â€“ click here
byJim Malmberg
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