Why Is the SBA Requiring Borrower to Upload Images of Their Social Security Cards?

December 10, 2023 - Government agencies regularly put out notices about potential identity theft scams. It is quite normal for these notices or warnings include a statement that the government will never contact you and ask you for personal information such as your Social Security Number. So why is the SBA now making borrowers upload a copy of their social security card to maintain access to their loan documents online?

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The SBA is telling borrower who want to be able to access their loan information online that they need to upload a scanned copy of their social security card. This is supposedly to ensure the identity of the borrowers. Itâ€™s a request that doesnâ€™t make any sense, but with is certainly risky for borrowers.

Currently, when you call the SBA to enquire about a loan, youâ€™ll be asked for the last four digits of your SSN. This is presumably because even the employees answering the phone only have access to those four digits. This begs the question. Who will have access to the scanned, unredacted copies of social security cards that borrowers send in? And where will that data be stored? The governmentâ€™s record on the protection of personally identifiable information is less than stellar. There is no reason to believe that it will be any better in this case.

Furthermore, they are asking for copies of social security cards for loans that theyâ€™ve already issued. In many cases, those loans were issued several years ago and repayment has already started. For any loans which are current and for which monthly payments have been regularly made, it doesnâ€™t make any sense at all to require the borrowers to start jumping through hoops now. And for any problem loans, requiring an SSN from these borrowers years later seems like trying to close the barn door after the horse has already left.

Older Americans can remember when social security cards actually had a warning printed on them that the cards werenâ€™t to be used for identification purposes. And to be perfectly frank, the Social Security Administration offers a free service to employers called the Social Security Number Verification Service which verifies that a personâ€™s name and social security number actually mesh with government records. It seems like the SBA might want to start using that service itself. But they arenâ€™t.

A copy of your social security card doesnâ€™t verify anything. Somone with a few photoshop skills could easily make a fake copy. The SBA would be better off requiring a copy of a picture ID. Or perhaps they could just cross check their

information with other government agencies such as the IRS or passport office.

Borrowers who refuse to upload a copy of their card to the SBA donâ€™t have may options. The SBA is telling them that without it, they will be cut off from their documents and payment history. But that might be a better option, unreasonable as it is, than the risk associated with uploading a social security card online.
by Jim Malmberg
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