

Credit Monitoring Grows in Importance

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Identity Theft Can Ravage Victim's Life

BELLEVUE - When Helen Moore decided to buy a hand-painted porcelain pitcher at The Cozy Cottage in this Campbell County city, she paid with her credit card. The owner, Barb Weideman, asked for her identification, but she knows that not all store owners do.

The problem - as with all credit card transactions - is that Barb Weideman cannot be absolutely sure that Helen Moore is who she says she is. Every payment with a credit card could be a case of identity theft. Weideman is getting paid, but possibly not by the real Helen Moore.

This "Helen Moore" could be anybody who managed to get a credit card issued in Helen Moore's name. She may run up the balance, pay the minimums for a few months and then will disappear, leaving the real Helen Moore with a tarnished credit report that she'll have to work out with the bank, the credit report agencies and the police.

Luckily, this Helen Moore is a long-time friend, but Weideman doesn't know all of her clients as well.

Identify theft is defined by the Federal Trade Commission (FTC) as "when someone uses your personal information without your permission to commit fraud or other crimes."

Finding Fraud

This does not limit identity theft to credit card fraud, but it is often the case that the two go together. If someone burglarizes your home, you know it right away. The door is broken down and the TV is gone. But in the case of identity theft, the thieves can continue to commit their crimes while you sleep peacefully. That's why the first line of defense that anyone has is a regular credit report review.

Responding to this need, the U.S. Congress passed the Fair and Accurate Credit Transactions Act that allows consumers to obtain their credit reports once a year from each of the three major credit-reporting agencies. Consumers can request their free credit report by mail, phone, or Internet.

"You cannot be held liable for identity theft, but it can cause you a lot of headaches," said Mary Ann Mader, a certified credit counselor and mortgage broker with Professional Mortgage Consultants in Cold Spring who is a frequent speaker on credit issues and identity theft.

Mader offered a few suggestions when reviewing your credit report.

The first step is to make sure that all the accounts listed are correct. Are there accounts that you didn't open? If so, is there a balance on them? Are there any tax liens, court judgments, or any other activity that you don't know about? If yes, then inquiries should be made immediately.

Second, don't have too many credit lines open at one time and make sure the accounts that you thought were closed actually are closed.

"The more accounts you have open, the higher risk you have," Mader warned. Sometimes, credit card companies do not report the closing of accounts in a timely manner - if at all.

Another precaution is to reduce the amount of people who handle your card. The more a credit card is handed to someone, the greater the chance of identity theft. It's easy for a waiter or store clerk to copy down an account number or even order something while they are supposedly processing your payment.

Finally, if using a credit card over the Internet, make sure you have an understanding of the basics of Web security.



Howard McEwen/For The Sunday Challenger

GIVE HER CREDIT: Helen Moore (left) used a credit card to make a purchase from Barb Weideman at The Cozy Cottage in Bellevue recently. Because Weideman knows Moore personally, the chances of a fraudulent credit card purchase are greatly reduced.

"At a minimum, look for the lock at the edge of the web page. Make sure the picture shows it is locked" and therefore secure, Mader instructed.

If It Happens to You

If you are a victim of identity theft, the Federal Trade Commission suggests a number of actions to take. A victim should immediately place fraud alerts on his or her credit reports through the credit bureaus, close all suspicious accounts, file a police report and a complaint with the FTC.

The FTC provides in-depth information on protecting against identity theft and recovering from it on its website at www.consumer.gov/idtheft.

Mader also emphasized that an annual credit report can do more than protect you against identity theft. Just as important, it will allow you to catch mistakes made by the credit bureaus and banks that can cost you in other ways.

"Potential creditors use the report to determine your credit worthiness and the interest rates you will pay. Insurance companies now use credit scores to determine premiums on your homeowners and auto insurance. Also, many potential employers check your credit to assist in their overall decision."

The service is run in a joint effort by the three major credit-reporting agencies - Equifax, Experian and TransUnion. The only drawback is that they do not provide the all-important credit score, but only the information used to determine a credit score. However these scores can be purchased directly from the companies.

Your credit report is one of the most important items in your financial life. Now, with the help of Congress, it's free and easy to obtain for an annual check-up.

How to Get Your Free Credit Report

You can obtain your free credit report online, by mail, or by phone.

Call 1-877-322-8228

On-line at www.annualcreditreport.com

Or download the request form and mail it to:

Annual Credit Report Request Service

P.O. Box 105281

Atlanta, GA 30348-5281

Equifax - www.equifax.com

Experian - www.experian.com

TransUnion - www.transunion.com

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