

Protecting your credit and identity

Today's technology has made it easier to make purchases and transact business. But this blessing can sometimes turn into a curse – just ask anyone who has been the victim of identity theft or a clever e-mail scam.

The federal and state governments have become more active in recent years in the areas of theft of credit and identity fraud, attempting to educate consumers and putting some legal safeguards in place. Here is a brief rundown of some of these efforts.

The right to a credit report

The old saying that "the best offense is a good defense" is good advice when it comes to monitoring your credit. In 2003 Congress enacted the Fair and Accurate Credit Transactions Act (FACTA), offering consumers a way to access their credit reports, free of charge.

Easy access to your credit history offers a number of advantages. You can ascertain if there are mistakes that later may cause problems when you seek to obtain additional credit or secure a loan or mortgage. And it's also a way to make certain that no one is using your credit identity for his or her own purposes.

The law requires each of the major nationwide consumer reporting companies – Equifax, Experian and TransUnion – to give you a free copy of your credit report every year if you ask for it. The three credit bureaus have joined forces to offer you an easy way to obtain your credit report by going to this Internet address: www.annualcreditreport.com. You can request, view and print any or all of your three reports.

The Internet site is secure, but if you are reluctant to use an online resource, you can request a report by phone toll free at 877.322.8228. You also can obtain copies of your reports by mail by completing the Annual Credit Report Request Form available on the Federal Trade Commission (FTC) site and sending it to the following address: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. You'll need to give your name, address, Social Security number and date of birth. To verify your identity, you may need to provide some information that only you would know.

Two tips

Be sure to obtain reports from all three bureaus – they don't necessarily all report the same information, and the possibility exists that any one of them might make a mistake.

The bureaus also advise consumers that this service is the only one that they have authorized for requesting your free annual report. It's a warning for consumers to be on the alert for scam artists who may be offering to obtain copies of your credit reports for you but who actually are looking to obtain personal information about you for purposes of identity theft.

New rules for business owners

In 2005 a provision was added to FACTA. A new rule requires *all* businesses that use "consumer reports" (defined, generally, as any written, oral or other communication of any information by a consumer reporting agency that has a bearing on creditworthiness) to dispose of these reports properly. The law, referred to as the "disposal rule," applies to both physical and electronic records.

If you own a business, you are required to take what the FTC terms "reasonable measures" to make certain that any consumer credit data are destroyed completely, according to FTC language – "burning, pulverizing and shredding" the information.

Companies that fail to comply with the disposal rule face civil liability from both the FTC and the state. The penalties can run to thousands of dollars.

Consumer notification

It's all too common that people find out that their identity has been stolen sometime after a security breach has occurred. And without notification of the breach, there's no chance to take any steps to thwart the theft or limit the damage. The vast majority of states have enacted some form of breach notification. Unfortunately, the federal government has been slower to act.

In recent years there has been a bipartisan effort to enact notification legislation with little success. Dianne Feinstein (D-Calif.) introduced a bill that would require companies and federal agencies to notify an individual of a security breach involving personal data "without unreasonable delay." The legislation also would authorize the U.S. Attorney General and state attorneys general to bring civil actions against companies that fail to comply with the law.

Sen. Feinstein introduced another bill that would prohibit federal, state and local government agencies from displaying Social Security numbers on public records posted on the Internet or issued to the general public. Further, it would prevent the employment of prison inmates for tasks that would give them access to the Social Security numbers of other individuals.

Although there is continued support for legislation, it is unclear whether and when we will see enactment of a notification law this year.

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Any developments occurring after January 1, 2008, are not reflected in this article.