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Should You 'Freeze' Your Credit Reports?

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Although the odds of having your identity stolen remain quite low, anyone who's ever had their bank or credit card account compromised knows what a pain it can be to unravel the mess. Sometimes enterprising hackers just need your Social Security number, address and date of birth to start running up charges on your existing accounts -- or worse, to open new ones in your name.

Many victims don't realize anything's wrong until they apply for a new account and find their credit has been trashed; or, they start getting calls from collection agencies regarding unfamiliar accounts. More and more people have begun blocking access to information in their credit reports, even if there hasn't yet been any fraudulent activity, by instituting a "security freeze."

A credit security freeze is where you instruct the three major credit bureaus to disallow new creditors from viewing your credit report and score. Because most businesses won't lend without first checking your report, a freeze can deter identity thieves from forming new accounts in your name.

Before you go to the trouble and expense of doing a credit freeze, however, you should understand how the process works and be aware of several inconveniences you might experience:

To freeze your credit reports, you must contact each of the three credit bureaus individually at the following sites: Equifax, Experian and TransUnion. You'll need to supply your name, address, date of birth, Social Security number and other personal information. Fees and filing requirements vary according to state law. This Equifax site provides a good overview.

Fees vary based on your state of residence (commonly \$5 to \$10). People over age 65 sometimes receive a discount and if you are an identity theft victim, credit freezes are free -- although you'll need to provide a copy of your police report, DMV investigative report or Federal Trade Commission Identity Theft Report.

Once implemented, you'll receive a unique personal identification number (PIN) from each credit bureau. Store these PINs securely because you'll need them to temporarily lift a credit freeze and then reinstate it. And bear in mind that there's usually a fee to do so - sometimes as high as \$10 per action, per bureau, depending on your state's requirements.

All these fees can really add up, so if you're planning any action that requires a credit check (e.g., open a new credit account, shop for a mortgage or car, rent an apartment, apply for a job or open a new utility or cellphone provider account), you may want to hold off implementing a freeze. Also note that, depending on state law, it can take up to five business days to process a request for a security freeze or temporarily lift, so plan major purchases or other credit actions carefully.

A few additional facts about credit freezes:

- Although freezes can help block the creation of new credit accounts, they can't prevent an identity thief from making charges to existing accounts. So you must continue to monitor all bank, credit card and insurance statements for fraudulent transactions.
- Spouses or other household members must initiate their own credit freezes, since each person has his or her own credit reports.
- Your current creditors can still access your credit reports, as can collection agencies acting on their behalf.
- Government agencies have access for collecting child support payments or taxes, to investigate Medicaid fraud, or in response to a court or administrative order, subpoena or search warrant.
- You can temporarily lift a credit freeze either for a specific period of time, or for a specific party -- say, a potential landlord or employer.
- If you lose your PIN, you may request a new one, although there may be a fee.
- You can always access your own credit reports, even if a freeze is in place.
- A credit freeze will not adversely impact your credit score.

If you know or fear that one of your accounts has been compromised but don't want to fully lock down access to your credit reports, you can always place a free, 90-day initial fraud alert with the three credit bureaus. When you have a fraud alert, businesses must verify your identity with you before opening new accounts. You can renew the alert after 90 days and you only need to contact one bureau; it will contact the others on your behalf.

If you determine that you actually have suffered identity theft, you can also file an extended fraud alert, which will stay on your credit reports for seven years. To do so, you'll need to submit an identity theft report. To learn more, see my previous blog, [Credit Card Stolen? Here's What You Do](#).

There are many great resources where you can learn how to protect your personal and account information and prevent fraud,

including:

- StaySafeOnline.org, a website filled with tips for safe Internet use, created by the National Cyber Security Alliance.
- The FBI's Be Crime Smart page, which highlights the latest scams and tells you how to report crime and fraud.
- My employer, Visa Inc., offers VisaSecuritySense.com, which contains tips on preventing fraud online, when traveling, at retail establishments and ATMs, deceptive marketing practices, and more.
- The Federal Trade Commission's Privacy and Identity page, which contains extensive information about identity theft, privacy and information security.

Bottom line: Always monitor your own credit reports to spot any errors or fraudulent activity. If you want to take security a step further, consider placing a credit freeze on your reports.

This article is intended to provide general information and should not be considered legal, tax or financial advice. It's always a good idea to consult a legal, tax or financial advisor for specific information on how certain laws apply to you and about your individual financial situation.

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