

[Golden1 podcast]

"After Identity Theft: Should You Freeze Your Credit?"

HOST

Hi everyone, welcome to this episode of the Golden 1 podcast!

On today's show we explore the question, should you freeze your credit if you're a victim of identity theft? First, if you're listening to this because your identity was stolen, let me start by saying how sorry I am for what you're going through. Identity theft can become a huge personal and financial headache.

If you're not sure if your identity was stolen but want to be cautious, or if you just want to learn more about freezing your credit, let's begin by getting everyone on the same page...

Identity theft refers to the theft of your personal or financial information. That info is then used to assume your identity in order to make purchases or borrow money. It can happen in several different ways. Your credit card number may be used to buy things you never authorized, or maybe an account was opened in your name to facilitate illegal activity. But no matter how it goes down, the result is usually the same for you: frustration, fear and anxiety... not fun.

Fortunately, financial institutions and credit card companies offer some protections if you become a victim. Credit bureaus also offer their own set of security measures. And that brings us to today's topic - the credit freeze.

By now, you've probably heard of a credit freeze because of the high number of security breaches reported by big retailers and yes, even a well-known credit bureau. But what is it exactly? With a freeze, your credit report is off limits to any creditor or other business that doesn't have a pre-existing relationship with you. (And just as a quick refresh: your credit report is a record of your credit history. It lists all of your accounts, loans and any collections attributed to your name.)

The main reason people get a credit freeze is to keep identity thieves from opening new accounts or taking out loans in your name. See, most creditors won't grant credit without a credit check, which is impossible to do when your report is frozen.

So, security and peace-of-mind are the big benefits here. Plus, a freeze doesn't affect your credit score, so you don't need to worry about a loss. You can secure your credit without it affecting your application for a loan later on.

However, there's a catch. When you want to apply for a loan, open a new account, rent an apartment, or do anything else that requires a credit check, you will need to take extra steps. Which is one of the reasons why people avoid freezing their credit. It can create delays when you need to make your credit report available quickly. You *might* be able to thaw it within a few minutes, or it could take up to three days. It depends on where you live, as each state has its own procedures.

What does this all mean for you? If you plan on filling out an application for a new credit card, or are applying for jobs where the employer will do a credit check, you'll have to plan ahead. Unfreeze your credit, wait, and then apply. And don't forget to re-freeze it when you're done.

Another drawback is that a freeze only applies to *new* accounts. A thief can still steal information on accounts that already exist.

Now, if you're interested in freezing your account, you'll have to do it with each credit bureau individually. Equifax, Experian and TransUnion all have separate processes. After you apply, you'll have a 10-digit PIN. This is really important. It's your key to thawing and re-freezing your credit, so, you know, don't announce it to everyone you meet.

You're probably also wondering about cost. Currently, consumers are charged between \$3 to \$10 to freeze and un-freeze their credit. It doesn't sound like much, but if you plan on applying for a loan or renting an apartment, the costs can add up. Every time you want to thaw your credit, you'll get hit with the fee. Need to freeze it again? That's another fee.

However, there is some good news. If you're a victim of identity theft, credit bureaus will waive the freeze fee. You'll just have to supply your police report and possibly other supporting documentation -- check with each bureau about their requirements.

The other good thing to know is that implementing a credit freeze will soon be free for *everyone*, thanks to new

Congressional legislation. Of course, if your needs are urgent, you probably don't want to wait.

Okay, we've covered the pros and cons of a credit freeze, so it's time to tackle the big question: should you do it? For identity theft victims, experts typically recommend that, yes, freezing is a good idea - especially if your Social Security Number was stolen. Your Social can be used to open accounts, apply for loans, and other things that put you at financial risk.

Now, you may be facing less risk if, say, your credit card number was stolen. If you closed the account and have taken all precautions, you might not want to do a freeze as it could be more hassle than it's worth. But of course, only you can decide.

If you want to do *something* but don't necessarily want the nuclear option, consider a fraud alert. When you set an alert with a credit bureau, creditors are required to verify your identity whenever a new account is opened. Victims who've had their identity stolen and created an Identity Theft Report can get an extended alert for up to seven years, as well as access to two free credit reports every 12 months from each bureau.

Another option is a credit lock, which is similar to a freeze in that it restricts most lenders' access to your credit report. The big difference between the two is convenience. With a lock, you can access your credit through a computer or mobile device without a PIN, so that's a plus. But, unlike freezes, locks aren't governed by state law. If someone steals your identity while your credit is locked, you won't have the same kind of legal protection.

Well, I hope you feel a little more informed because we've reached the end of today's show. Thanks for checking out this episode of the Golden 1 podcast!

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