



## Consumer Federation of America

### Nine Things to Consider When Shopping for Identity Theft Services

Many companies sell services that promise to “protect your identity.” Identity theft services generally do two things: alert you that your personal information may have been used fraudulently and give you advice about what to do. If you’re shopping for these services make sure you understand how they work, what they cost, and what help they offer before deciding whether to sign up and which one to choose. Also consider what you can do yourself to reduce the chances of becoming an identity theft victim, spot possible fraud, and remedy problems.

- 1. Beware of false prevention claims.** Identity theft services may detect some problems, such as new accounts fraudulently opened in your name, more quickly than you might otherwise discover them. But they can’t prevent your personal information from being stolen or fraudulently used and shouldn’t claim they can.
- 2. Resist scare tactics.** Identity theft can cause financial and emotional harm. Not everyone will become a victim, however, and some of the most common problems resulting from identity theft are easy to fix. For instance, if there are fraudulent charges on your credit card you’re only responsible for up to \$50 and you probably won’t have to pay anything if you report them promptly. Some identity theft problems can be more difficult to deal with, but you may never have them and there is plenty of free advice available if you do. Don’t be swayed by advertisements that try to scare you into buying identity theft services.
- 3. Look carefully at what the service monitors.** Most identity theft services provide “credit monitoring,” checking your credit reports for signs of possible fraud. Since the main credit reporting companies (Experian, Equifax, and TransUnion) may not have the same information about you, look for a service that checks all three. Some identity theft services monitor consumers’ financial accounts. Not all financial institutions are included, though, so you’ll need to ask about yours. Identity theft services may also check public records, commercial databases, and the internet for clues that your personal information is being fraudulently used. Generally the broader the monitoring the better because it provides a fuller picture of the problems that may be lurking. No service can guarantee to find every problem, however. Identity theft services should make clear how frequently they do the monitoring and how they alert you they find something suspicious.
- 4. Understand how the service will help you if you become an identity theft victim.** Most identity theft services provide general advice about what to do, and many offer one-on-one counseling to guide consumers through the process of remedying the problems that identity theft has caused them. But you still have to do the work yourself. Some services go further, actually getting consumers’ permission to remedy their identity theft problems for them. Read how the assistance is described carefully. If you became a victim of identity theft before purchasing a service, it’s also

important to know if it will provide help for the problems you already have or that may result from that incident in the future.

- 5. Get the facts about insurance.** Many identity theft services include insurance that will reimburse you for expenses to remedy identity theft problems such as notary fees, faxes, copies, and postage. It may cover lost wages if you had to take time off from work. Attorney's fees may also be covered. In most cases, the insurance won't reimburse you for money stolen from your accounts. "Guarantees" that some identity theft services offer are often insurance policies. As with any insurance, there are limits on what's covered and how much will be paid, and strict requirements for making claims. The details of insurance or guarantees should be available on identity theft services' websites and from their customer service. Since this insurance generally provides little value, however, it's more important to consider what the identity theft services will do to help victims remedy their problems.
- 6. Know the cost and terms before you commit.** Identity theft services should make the cost clear before you're asked for any personal information or payment. "Free trial offers" are often used to market identity theft services. While this allows you to test features such as online "dashboards, you won't really be able to judge how well the monitoring or victim assistance work since it's unlikely that you'll become an identity theft victim during the trial period (usually a week or two). In most cases the burden will be on you to cancel before the end of the trial to avoid being charged. Some services offer a basic version of their programs for free and then try to get you to upgrade to one with more features, for a fee. Always check the cancellation and refund policies before you enroll. Keep in mind that if you're a data breach victim, you'll probably be offered identity theft services at no cost to you.
- 7. Read the privacy policy.** Identity theft services collect a lot of very sensitive personal information to verify consumers' identities when they sign up, process their payments, provide monitoring services and help them with problems, but they may also use that information to sell other services to them and share it with other companies. They should clearly explain what personal information they collect, how they use it, how they safeguard it, whether and why they share it with others, and what control, if any, you have. This information should be available on their websites and through their customer service.
- 8. Ask questions if something isn't clear.** It's sometimes hard to tell exactly what identity theft services do and how they work from their advertisements, websites or other materials. Look for a toll-free number and call if you have questions.
- 9. Do your own thing.** Check your credit reports for free once every twelve months by going to [www.annualreport.com](http://www.annualreport.com) or calling 1-877-322-8228. If you have online access to your financial accounts you can monitor them yourself, and many financial institutions offer free alerts. The Federal Trade Commission's [www.identitytheft.gov](http://www.identitytheft.gov) website gives identity theft victims step-by-step recovery plans tailored to their particular situations. The nonprofit Identity Theft Resource Center provides free counseling online at [www.idtheftcenter.org](http://www.idtheftcenter.org) or by phone, 888-400-5530. For information about free security freezes and other ways you can protect yourself go to Consumer Federation of America's [www.IDTheftInfo.org](http://www.IDTheftInfo.org) website. The site also offers business resources including [Best Practices for Identity Theft Services](#) and a [guide](#) for companies that want to provide identity theft services after a data breach.