

Why a Credit Freeze is the Best Response to a Data Breach

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–Devin Kropp

The latest data breach may have you worried about your personal information. Learn about a simple step you can take to protect your identity today.

The headlines come at us constantly—143 million records leaked at Equifax, one billion exposed in a Yahoo breach, and 110 million records compromised at Target. After each new “unprecedented” hack, you’re rushed into a free credit monitoring program that promises to watch your files and alert you to any unusual activity.

But is that enough to truly keep you safe? Shouldn’t you be able to stop criminals from fraudulently opening new credit rather than being alerted after the fraud has taken place?

You can with something called a credit freeze or security freeze. The credit agencies have been reluctant to share this fact because it disrupts the low-friction credit system. By default, your credit files at Experian, Equifax, and TransUnion are open and unsecure. It makes it easy and quick to obtain new lines of credit—you fill out an application, the lender checks your credit, and you’re approved if you meet the standards.

This easy system puts you at risk. Given the sheer number of recent data breaches, it’s very likely that your personal information—name, birthdate, Social Security

number—has already been exposed. A hacker can use that data to steal your identity and obtain new credit without your knowledge.

Freeze your credit

One action can secure your credit file. A security freeze locks your credit file at each bureau with a special PIN that only you know. That PIN must be used in order for anyone to access your credit file or add new credit in your name.

It is imperative that you freeze your credit immediately at the big three credit bureaus—Experian, Equifax, and TransUnion.

A security freeze offers greater protection than the highly advertised credit monitoring and fraud alert. Credit monitoring does not stop a thief from opening a new account in your name. Instead, they alert you of a potential fraud after the fact—if their monitoring claims hold true. That is not good protection against identity theft. You’ll still have to put in the time to get your file corrected.

The same is true for LifeLock, a company that has been repeatedly fined by the government for unfair and deceptive trade practices. LifeLock alerts you after an identity theft has occurred instead of preventing it from happening.

The other option, fraud alert, offers more protection than credit monitoring but does not provide you with full security. A fraud alert can be placed on your account following any fraudulent activity and requires a business to verify your identity before issuing any new credit. A fraud alert, however, expires after 90 days and needs to be continuously renewed. That is not convenient, so avoid this approach.

A security freeze gives you complete control of your credit file and is the absolute best way to protect your credit and identity. Unlike credit monitoring or fraud alerts, a security freeze stops identity theft from happening rather than alerting you to fraud after it has occurred.

How to do it

To set up a security freeze, you must contact each of the credit bureaus individually. This process can be done online or over the phone. You will be asked some questions to confirm your identity, but it only takes a few minutes.

You can freeze your credit by using the following phone numbers and websites:

- **Equifax:** 866-548-7878/ www.freeze.equifax.com

- **Experian:** 888-397-3742/ www.experian.com/freeze
- **Transunion:** 888-909-8872/ www.transunion.com/credit-freeze/place-credit-freeze

As of September 2018 credit freezes are free for residents in all 50 states. Previously, the cost of freezing and unfreezing your credit varied from \$0 to \$10 per action depending on your state of residence.

To lift your freeze you simply contact the bureau used by the lender and provide your PIN to lift the freeze for a certain period of time. This can be done online or over the phone. It may take a few days for the freeze to be lifted, so be sure to initiate it a few days in advance of any deadline you are trying to meet.

Stay vigilant

Freezing your credit will provide peace of mind when you hear of the latest data breach. You should, however, continue to keep an eye on your credit. Consumers are allowed one free credit report from each of the credit reporting agencies every year. Be sure to take advantage of this law and regularly check your credit reports for any discrepancies.

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