Building a Better Credit

Federal Trade Commission	FTC.GOV
TOLL-FREE 1-877-FTC-HELP	For The Consumer

Building a Better Credit Report

If you've ever applied for a credit card, a personal loan, or insurance, there's a file about you. This file is known as your credit report. It is chock full of information on where you live, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy. Consumer reporting companies sell the information in your report to creditors, insurers, employers, and other businesses with a legitimate need for it. They use the information to evaluate your applications for credit, insurance, employment, or a lease.

Having a good credit report means it will be easier for you to get loans and lower interest rates. Lower interest rates usually translate into smaller monthly payments.

Nevertheless, newspapers, radio, TV, and the Internet are filled with ads for companies and services that promise to erase **accurate negative** information in your credit report in exchange for a fee. The scam artists who run these ads not only **don't** deliver — they **can't** deliver. Only time, a deliberate effort, and a plan to repay your bills will improve your credit as it's detailed in your credit report.

The Federal Trade Commission (FTC), the nation's consumer protection agency, has written this booklet to help explain how to build a better credit report. It has six sections:

Section 1 explains your rights under the Fair Credit Reporting Act and the Fair and Accurate Credit Transactions Act.

Section 2 tells how you can legally improve your credit report.

Section 3 offers tips on dealing with debt.

Section 4 cautions about credit-related scams and how to avoid them.

Section 5 offers information about identity theft.

Section 6 lists resources for additional information.

THE FAIR CREDIT REPORTING ACT

The Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of the nation's consumer reporting companies. The FTC enforces the FCRA with respect to consumer reporting companies. Recent amendments to the FCRA expand consumer rights and place additional requirements on consumer reporting companies. Businesses that provide information about consumers to consumer reporting companies and businesses that use credit reports also have new responsibilities under the law.

Here are some questions consumers have asked the FTC about consumer reports and consumer reporting companies, and the answers.

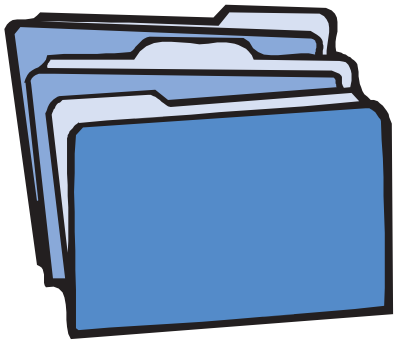
Q. DO I HAVE A RIGHT TO KNOW WHAT'S IN MY REPORT?

A. You have the right to know what's in your report, but you have to ask for the information. The consumer reporting company must tell you everything in your report, and give you a list of everyone who has requested your report within the past year — or the past two years if the requests were related to employment.

Q. WHAT TYPE OF INFORMATION DO CONSUMER REPORTING COMPANIES COLLECT AND SELL?

A. Consumer reporting companies collect and sell four basic types of information:

- **Identification and employment information:** Your name, birth date, Social Security number, employer, and spouse's name are noted routinely. The consumer reporting company also may provide information about your employment history, home ownership, income, and previous address, if a creditor asks.
- **Payment history:** Your accounts with different creditors are listed, showing how much credit has been extended and whether you've paid on time. Related events, such as the referral of an overdue account to a collection agency, also may be noted.
- **Inquiries:** Consumer reporting companies must maintain a record of all creditors who have asked for your credit history within the past year, and a record of individuals or businesses that have asked for your credit history for employment purposes for the past two years.
- **Public record information:** Events that are a matter of public record, such as bankruptcies, foreclosures, or tax liens, may appear in your report.

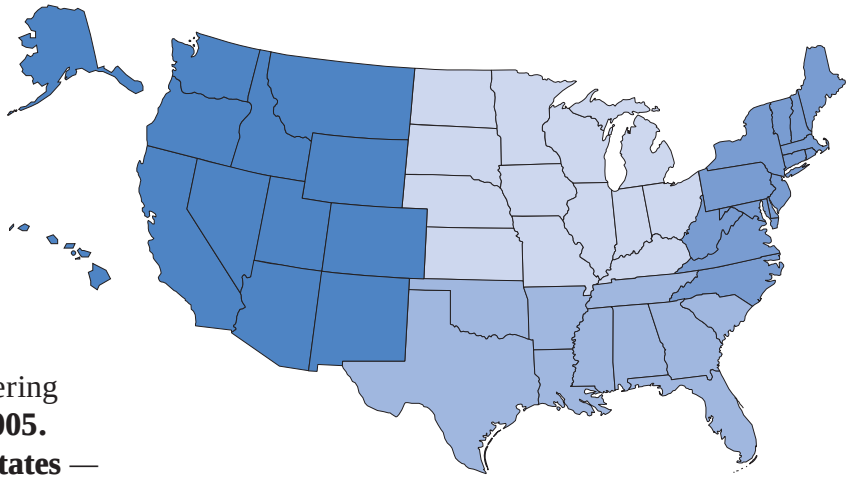


Q. IS THERE A CHARGE FOR MY REPORT?

A. Under the Free File Disclosure Rule of the Fair and Accurate Credit Transactions Act (FACT Act), each of the nationwide consumer reporting companies — Equifax, Experian, and TransUnion — is required to provide you with a free copy of your credit report once every 12 months, if you ask for it.

These consumer reporting companies are phasing in free reports geographically through September 1, 2005. After that, free reports will be accessible to all Americans, regardless of where they live.

- Free reports have been available to consumers in the **Western states** — Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming — since **December 1, 2004.**
- Consumers in the **Midwestern states** — Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin — have been able to order free reports since **March 1, 2005.**
- Consumers in the **Southern states** — Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Oklahoma, South Carolina, Tennessee, and Texas — can begin ordering their free reports **June 1, 2005.**
- Consumers in the **Eastern states** — Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia — the District of Columbia, Puerto Rico, and all U.S. territories can begin ordering their free reports **September 1, 2005.**



Q: How do I order my free report?

A: The three nationwide consumer reporting companies are using one website, one toll-free telephone number, and one mailing address for consumers to order their free annual report. To order, click on www.annualcreditreport.com, call 1-877-322-8228, or complete the Annual Credit Report Request Form and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. The form is at the back of this brochure; or you can print it from ftc.gov/credit. Do not contact the three nationwide consumer reporting companies individually. You may order your free annual reports from each of the consumer reporting companies at the same time, or you can order from only one or two. The law allows you to order one free copy from each of the nationwide consumer reporting companies every 12 months.

Q: What information do I have to provide to get my free report?

A: You need to provide your name, address, Social Security number, and date of birth. If you have moved in the last two years, you may have to provide your previous address. To maintain the security of your file, each nationwide consumer reporting company may ask you for some information that only you would know, like the amount of your monthly mortgage payment. Each company may ask you for different information because the information each has in your file may come from different sources.

Still, www.annualcreditreport.com is the **only** authorized online source for your free annual credit report from the three nationwide consumer reporting companies. Neither the website nor the companies will call you first to ask for personal information or send you an email asking for personal information. If you get a phone call or an email — or see a pop-up ad — claiming it's from www.annualcreditreport.com (or any of the three nationwide consumer reporting companies), it's probably a scam. Don't reply or click on any link in the message. Instead, forward any email that claims to be from www.annualcreditreport.com (or any of the three consumer reporting companies) to spam@uce.gov, the FTC's database of deceptive spam.

Q: ARE THERE OTHER SITUATIONS WHERE I MIGHT BE ELIGIBLE FOR A FREE REPORT?

A: Under federal law, you're entitled to a free report if a company takes adverse action against you, such as denying your application for credit, insurance, or employment, and you ask for your report within 60 days of receiving notice of the action. The notice will give you the name, address, and phone number of the consumer reporting company. You're also entitled to one free report a year if you're unemployed and plan to look for a job within 60 days; if you're on welfare; or if your report is inaccurate because of fraud, including identity theft. Otherwise, any of the three consumer reporting companies may charge you up to $9.50 for another copy of your report within a 12-month period.

To buy a copy of your report, contact:

Equifax	Experian	Trans Union
800-685-1111	888-EXPERIAN (888-397-3742)	800-916-8800
www.equifax.com	www.experian.com	www.transunion.com

Under state law, consumers in Colorado, Georgia, Maine, Maryland, Massachusetts, New Jersey, and Vermont already have free access to their credit reports.

For more information, see *Your Access to Free Credit Reports* at ftc.gov/credit.

Credit Scores

Q. What is a credit score, and how does it affect my ability to get credit?

A: Credit scoring is a system creditors use to help determine whether to give you credit, and how much to charge you for it.

Information about you and your credit experiences, like your bill-paying history, the number and type of accounts you have, late payments, collection actions, outstanding debt, and the age of your accounts, is collected from your credit application **and** your credit report. Using a statistical formula, creditors compare this information to the credit performance of consumers with similar profiles. A credit scoring system awards points for each factor. A total number of points — a credit score — helps predict how creditworthy you are, that is, how likely it is that you will repay a loan and make the payments on time. Generally, consumers with good credit risks have higher credit scores.

You can get your credit score from the three nationwide consumer reporting companies, but you will have to pay a fee for it. Many other companies also offer credit scores for sale alone or as part of a package of products.

For more information, see *Credit Scoring* at ftc.gov/credit.

IMPROVING YOUR CREDIT REPORT

Under the FCRA, both the consumer reporting company and the information provider (the person, company, or organization that provides information about you to a consumer reporting company) are responsible for correcting inaccurate or incomplete information in your report. To take advantage of all your rights under the FCRA, contact the consumer reporting company and the information provider if you see inaccurate or incomplete information.

1. Tell the consumer reporting company, in writing, what information you think is inaccurate. Include copies (NOT originals) of documents that support your position. In addition to providing your complete name and address, your letter should clearly identify each item in your report that you dispute, state the facts and explain why you dispute the information, and request that the information be deleted or corrected. You may want to enclose a copy of your report with the items in question circled. Your letter may look something like the one on page 8. Send your letter by certified mail, return receipt requested, so you can document what the consumer reporting company received. Keep copies of your dispute letter and enclosures.

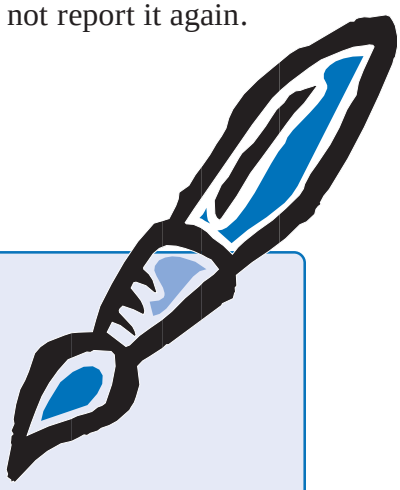
   Consumer reporting companies must investigate the items in question — usually within 30 days — unless they consider your dispute frivolous. They also must forward all the relevant data you provide about the inaccuracy to the organization that provided the information. After the information provider receives notice of a dispute from the consumer reporting company, it must investigate, review the relevant information, and report the results back to the consumer reporting company. If the information provider finds the disputed information is inaccurate, it must notify all three nationwide consumer reporting companies so they can correct the information in your file.

   When the investigation is complete, the consumer reporting company must give you the written results and a free copy of your report if the dispute results in a change. (This free report does not count as your annual free report under the FACT Act.) If an item is changed or deleted, the consumer reporting company cannot put the disputed information back in your file unless the information provider verifies that the information is, indeed, accurate and complete. The consumer reporting company also must send you written notice that includes the name, address, and phone number of the information provider.

   If you request, the consumer reporting company must send notices of any correction to anyone who received your report in the past six months. A corrected copy of your report can be sent to anyone who received a copy during the past two years for employment purposes.

   If an investigation doesn't resolve your dispute with the consumer reporting company, you can ask that a statement of the dispute be included in your file and in future reports. You also can ask the consumer reporting company to provide your statement to anyone who received a copy of your report in the recent past. Expect to pay a fee for this service.

2. Tell the creditor or other information provider, in writing, that you dispute an item. Be sure to include copies (NOT originals) of documents that support your position. Many providers specify an address for disputes. If the provider reports the item to a consumer reporting company, it must include a notice of your dispute. And if you are correct — that is, if the information is found to be inaccurate — the information provider may not report it again.



SAMPLE DISPUTE LETTER

Date
Your Name
Your Address
Your City, State, Zip Code

Complaint Department
Name of Company
Address
City, State, Zip Code

Dear Sir or Madam:
I am writing to dispute the following information in my file. The items I dispute also are encircled on the attached copy of the report I received.

This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why). I am requesting that the item be deleted (or request another specific change) to correct the information.

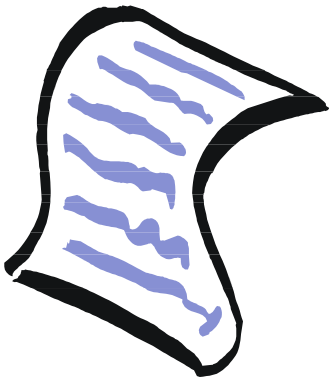
Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents) supporting my position. Please investigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely,
Your name

Enclosures: (List what you are enclosing)

ACCURATE NEGATIVE INFORMATION

When negative information in your report is accurate, only the passage of time can assure its removal. A consumer reporting company can report most accurate negative information for seven years and bankruptcy information for 10 years. Information about an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer. There is no time limit on reporting information about criminal convictions; information reported in response to your application for a job that pays more than $75,000 a year; and information reported because you've applied for more than $150,000 worth of credit or life insurance. There is a standard method for calculating the seven-year reporting period. Generally, the period runs from the date that the event took place.



ADDING ACCOUNTS TO YOUR FILE

Your credit file may not reflect all your credit accounts. Most national department store and all-purpose bank credit card accounts are included in your file, but not all. Some travel, entertainment, gasoline card companies, local retailers, and credit unions are among those that usually aren't included.

If you've been told that you were denied credit because of an "insufficient credit file" or "no credit file" and you have accounts with creditors that don't appear in your credit file, ask the consumer reporting companies to add this information to future reports. Although they are not required to do so, many consumer reporting companies will add verifiable accounts for a fee. However, if these creditors do not generally report to the consumer reporting company, the added items will not be updated in your file.

DEALING WITH DEBT

Having trouble paying your bills? Getting dunning notices from creditors? Are your accounts being turned over to debt collectors? Are you worried about losing your home or your car?

You're not alone. Many people face financial crises at some time in their lives. Whether the crisis is caused by personal or family illness, the loss of a job, or simple overspending, it can seem overwhelming. But often, it can be overcome. The fact is that your financial situation doesn't have to go from bad to worse.

If you or someone you know is in financial hot water, consider these options: realistic budgeting, credit counseling from a reputable organization, debt consolidation, or bankruptcy. How do you know which will work best for you? It depends on your level of debt, your level of discipline, and your prospects for the future.

SELF-HELP

DEVELOPING A BUDGET

The first step toward taking control of your financial situation is to do a realistic assessment of how much money you take in and how much money you spend. Start by listing your income from all sources. Then, list your "fixed" expenses — those that are the same each month — like mortgage payments or rent, car payments, and insurance premiums. Next, list the expenses that vary — like entertainment, recreation, and clothing. Writing down all your expenses, even those that seem insignificant, is a helpful way to track your spending patterns, identify necessary expenses, and prioritize the rest. The goal is to make sure you can make ends meet on the basics: housing, food, health care, insurance, and education.

Your public library and bookstores have information about budgeting and money management techniques. In addition, computer software programs can be useful tools for developing and maintaining a budget, balancing your checkbook, and creating plans to save money and pay down your debt.

CONTACTING YOUR CREDITORS

Contact your creditors immediately if you're having trouble making ends meet. Tell them why it's difficult for you, and try to work out a modified payment plan that reduces your payments to a more manageable level. Don't wait until your accounts have been turned over to a debt collector. At that point, your creditors have given up on you.

DEALING WITH DEBT COLLECTORS

The Fair Debt Collection Practices Act is the federal law that dictates how and when a debt collector may contact you. A debt collector may not call you before 8 a.m., after 9 p.m., or

while you're at work if the collector knows that your employer doesn't approve of the calls. Collectors may not harass you, lie, or use unfair practices when they try to collect a debt. And they must honor a written request from you to stop further contact.

Credit Counseling

If you're not disciplined enough to create a workable budget and stick to it, can't work out a repayment plan with your creditors, or can't keep track of mounting bills, consider contacting a credit counseling organization. Many credit counseling organizations are nonprofit and work with you to solve your financial problems. But be aware that just because an organization says it's "nonprofit," there's no guarantee that its services are free, affordable, or even legitimate. In fact, some credit counseling organizations charge high fees, which may be hidden, or pressure consumers to make large "voluntary" contributions that can cause more debt.

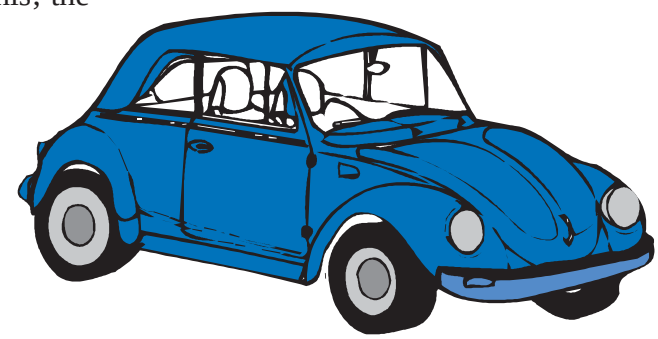
Most credit counselors offer services through local offices, the Internet, or on the telephone. If possible, find an organization that offers in-person counseling. Many universities, military bases, credit unions, housing authorities, and branches of the U.S. Cooperative Extension Service operate nonprofit credit counseling programs. Your financial institution, local consumer protection agency, and friends and family also may be good sources of information and referrals.

Reputable credit counseling organizations can advise you on managing your money and debts, help you develop a budget, and offer free educational materials and workshops. Their counselors are certified and trained in the areas of consumer credit, money and debt management, and budgeting. Counselors discuss your entire financial situation with you, and help you develop a personalized plan to solve your money problems. An initial counseling session typically lasts an hour, with an offer of follow-up sessions.

Auto and Home Loans

Your debts can be secured or unsecured. Secured debts usually are tied to an asset, like your car for a car loan, or your house for a mortgage. If you stop making payments, lenders can repossess your car or foreclose on your house. Unsecured debts are not tied to any asset, and include most credit card debt, bills for medical care, signature loans, and debts for other types of services.

Most automobile financing agreements allow a creditor to repossess your car any time you're in default. No notice is required. If your car is repossessed, you may have to pay the balance due on the loan, as well as towing and storage costs, to get it back. If you can't do this, the creditor may sell the car. If you see default approaching, you may be better off selling the car yourself and paying off the debt: You'll avoid the added costs of repossession and a negative entry on your credit report.



If you fall behind on your mortgage, contact your lender immediately to avoid foreclosure. Most lenders are willing to work with you if they believe you're acting in good faith and the situation is temporary. Some lenders may reduce or suspend your payments for a short time. When you resume regular payments, though, you may have to pay an additional amount toward the past due total. Other lenders may agree to change the terms of the mortgage by extending the repayment period to reduce the monthly debt. Ask whether additional fees would be assessed for these changes, and calculate how much they total in the long term.

If you and your lender cannot work out a plan, contact a housing counseling agency. Some agencies limit their counseling services to homeowners with FHA mortgages, but many offer free help to any homeowner who's having trouble making mortgage payments. Call the local office of the Department of Housing and Urban Development or the housing authority in your state, city, or county for help in finding a legitimate housing counseling agency near you.

DEBT CONSOLIDATION

You may be able to lower your cost of credit by consolidating your debt through a second mortgage or a home equity line of credit. Remember that these loans require you to put up your home as collateral. If you can't make the payments — or if your payments are late — you could lose your home.

What's more, the costs of consolidation loans can add up. In addition to interest on the loans, you may have to pay "points," with one point equal to one percent of the amount you borrow. Still, these loans may provide certain tax advantages that are not available with other kinds of credit.

BANKRUPTCY

Personal bankruptcy generally is considered the debt management option of last resort because the results are long-lasting and far-reaching. A bankruptcy stays on your credit report for 10 years, and can make it difficult to obtain credit, buy a home, get life insurance, or sometimes get a job. Still, it is a legal procedure that offers a fresh start for people who can't satisfy their debts. People who follow the bankruptcy rules receive a discharge — a court order that says they don't have to repay certain debts.

There are two primary types of personal bankruptcy: Chapter 13 and Chapter 7. Each must be filed in federal bankruptcy court. As of January 2005, the filing fees run about $185 for Chapter 13 and $200 for Chapter 7. Attorney fees are additional and can vary.

Chapter 13 allows people with a steady income to keep property, like a mortgaged house or a car, that they otherwise might lose. In Chapter 13, the court approves a repayment plan that allows you to use your future income to pay off a default during a three-to-five-year period, rather than surrender any property. After you have made all the payments under the plan, you receive a discharge of your debts.

Chapter 7 is known as straight bankruptcy, and involves liquidation of all assets that are not exempt. Exempt property may include automobiles, work-related tools, and basic household furnishings. Some of your property may be sold by a court-appointed official — a trustee — or turned over to your creditors. You can receive a discharge of your debts through Chapter 7 only once every six years.

Both types of bankruptcy may get rid of unsecured debts and stop foreclosures, repossessions, garnishments, utility shut-offs, and debt collection activities. Both also provide exemptions that allow people to keep certain assets, although exemption amounts vary. Note that personal bankruptcy usually does not erase child support, alimony, fines, taxes, and some student loan obligations. And unless you have an acceptable plan to catch up on your debt under Chapter 13, bankruptcy usually does not allow you to keep property when your creditor has an unpaid mortgage or lien on it.

For more information, see *Knee Deep in Debt* and *Fiscal Fitness: Choosing a Credit Counselor* at ftc.gov/credit.

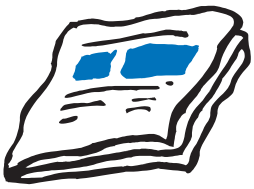
AVOIDING SCAMS

Turning to a business that offers help in solving debt problems may seem like a reasonable solution when your bills become unmanageable. Be cautious. Before you do business with any company, check it out with your local consumer protection agency or the Better Business Bureau in the company's location.

ADS PROMISING DEBT RELIEF MAY REALLY BE OFFERING BANKRUPTCY

Consumer debt is at an all-time high. What's more, a record number of consumers — more than 1.6 million in 2003 — are filing for bankruptcy. Whether your debt dilemma is the result of an illness, unemployment, or overspending, it can seem overwhelming. In your effort to get solvent, be on the alert for advertisements that offer seemingly quick fixes. And read between the lines when faced with ads in newspapers, magazines, or even telephone directories that say:

Consolidate your bills into one monthly payment without borrowing!



STOP credit harassment, foreclosures, repossessions, tax levies and garnishments!

Keep Your Property!

Wipe out your debts! Consolidate your bills! How? By using the protection and assistance provided by federal law. For once, let the law work for you!

While the ads pitch the promise of debt relief, they rarely say relief may be spelled b-a-n-k-r-u-p-t-c-y. And although bankruptcy is one option to deal with financial problems, it's generally considered the option of last resort. The reason: it has a long-term negative impact on your creditworthiness. A bankruptcy stays on your credit report for 10 years, and can hinder your ability to get credit, a job, insurance, or even a place to live. What's more, it can cost you attorneys' fees.

ADVANCE-FEE LOAN SCAMS

These scams often target consumers with bad credit problems or those with no credit. In exchange for an up-front fee, these companies "guarantee" that applicants will get the credit they want — usually a credit card or a personal loan.

The up-front fee may be as high as several hundred dollars. Resist the temptation to follow up on advance-fee loan guarantees. They may be illegal. Many legitimate creditors offer extensions of credit, such as credit cards, loans, and mortgages through telemarketing, and require an application fee or appraisal fee in advance. But legitimate creditors **never guarantee in advance** that you'll get the loan. Under the federal Telemarketing Sales Rule, a seller or

telemarketer who guarantees or represents a high likelihood of your getting a loan or some other extension of credit may not ask for or receive payment until you've received the loan.

Recognizing an Advance-Fee Loan Scam

Ads for advance-fee loans often appear in the classified ad section of local and national newspapers and magazines. They also may appear in mailings, radio spots, and on local cable stations. Often, these ads feature "900" numbers, which result in charges on your phone bill. In addition, these companies often use delivery systems other than the U.S. Postal Service, such as overnight or courier services, to avoid detection and prosecution by postal authorities.

It's not hard to confuse a legitimate credit offer with an advance-fee loan scam. An offer for credit from a bank, savings and loan, or mortgage broker generally requires your verbal or written acceptance of the loan or credit offer. The offer usually is subject to a check of your credit report after you apply to make sure you meet their credit standards. Usually, you are not required to pay a fee to get the credit.

Hang up on anyone who calls you on the phone and says they can guarantee you will get a loan if you pay in advance. It's against the law.

Protecting Yourself

Here are some tips to keep in mind before you respond to ads that promise easy credit, regardless of your credit history:

- Most legitimate lenders will not "guarantee" that you will get a loan or a credit card before you apply, especially if you have bad credit, or a bankruptcy.
- It is an accepted and common practice for reputable lenders to require payment for a credit report or appraisal. You also may have to pay a processing or application fee.
- Never give your credit card account number, bank account information, or Social Security number out over the telephone unless you are familiar with the company and know why the information is necessary.

Credit Repair Scams

You see the ads in newspapers, on TV, and on the Internet. You hear them on the radio. You get fliers in the mail. You may even get calls from telemarketers offering credit repair services. They all make the same claims:

Credit problems? No problem!

We can erase your bad credit ó 100% guaranteed.

Create a new credit identity ñ legally.

We can remove bankruptcies, judgments, liens, and bad loans from your credit file forever!

Do yourself a favor and save some money, too. Don't believe these statements. They're just not true. Only time, a conscientious effort, and a plan for repaying your debt will improve your credit report.

The Warning Signs

If you should decide to respond to an offer to repair your credit, think twice. Don't do business with any company that:

- wants you to pay for credit repair services before any services are provided
- does not tell you your legal rights and what you can do yourself — for free
- recommends that you not contact a consumer reporting company directly
- suggests that you try to invent a "new" credit report by applying for an Employer Identification Number to use instead of your Social Security number
- advises you to dispute all information in your credit report or take any action that seems illegal, such as creating a new credit identity. If you follow illegal advice and commit fraud, you may be subject to prosecution.

You could be charged and prosecuted for mail or wire fraud if you use the mail or telephone to apply for credit and provide false information. It's a federal crime to make false statements on a loan or credit application, to misrepresent your Social Security number, and to obtain an Employer Identification Number from the Internal Revenue Service under false pretenses.

The Credit Repair Organizations Act

By law, credit repair organizations must give you a copy of the "Consumer Credit File Rights Under State and Federal Law" before you sign a contract. They also must give you a written contract that spells out your rights and obligations. Read these documents before signing the contract. The law contains specific consumer protections. For example, a credit repair company cannot:

- make false claims about their services
- charge you until they have completed the promised services
- perform any services until they have your signature on a written contract and have completed a three-day waiting period. During this time, you can cancel the contract without paying any fees.

Your contract must specify:

- the total cost of the services
- a detailed description of the services to be performed
- how long it will take to achieve the results
- any "guarantees" they offer
- the company's name and business address.

Where to Complain

If you've had a problem with any of the scams described here, contact your local consumer protection agency, state Attorney General (AG), or Better Business Bureau. Many AGs have toll-free consumer hotlines. Check with your local directory assistance.

IDENTITY THEFT

An identity thief is someone who obtains some piece of your sensitive information, like your Social Security number, date of birth, address, and phone number, and uses it without your knowledge to commit fraud or theft.

HOW IDENTITY THIEVES GET YOUR INFORMATION

Skilled identity thieves use a variety of methods to gain access to your personal information. For example, they may:

- get information from businesses or other institutions by:
  - stealing records or information while they're on the job
  - bribing an employee who has access to these records
  - hacking these records
  - conning information out of employees
- rummage through your trash, the trash of businesses, or public trash dumps in a practice known as "dumpster diving"
- get your credit reports by abusing their employer's authorized access to them, or by posing as a landlord, employer, or someone else who may have a legal right to access your report
- steal your credit or debit card numbers by capturing the information in a data storage device in a practice known as "skimming." They may swipe your card for an actual purchase, or attach the device to an ATM machine where you may enter or swipe your card.
- steal wallets and purses containing identification and credit and bank cards.
- steal mail, including bank and credit card statements, new checks, or tax information
- complete a "change of address form" to divert your mail to another location
- steal personal information from your home
- scam information from you by posing as a legitimate business person or government official

HOW IDENTITY THIEVES USE YOUR INFORMATION

Once identity thieves have your personal information, they may:

- go on spending sprees using your credit and debit card account numbers to buy "big-ticket" items like computers that they can easily sell
- open a new credit card account, using your name, date of birth, and Social Security number. When they don't pay the bills, the delinquent account is reported on your credit report.
- change the mailing address on your credit card account. The imposter then runs up charges on the account. Because the bills are being sent to the new address, it may take some time before you realize there's a problem.
- take out auto loans in your name
- establish phone or wireless service in your name
- counterfeit checks or debit cards, and drain your bank account
- open a bank account in your name and write bad checks on that account
- file for bankruptcy under your name to avoid paying debts they've incurred, or to avoid eviction

- give your name to the police during an arrest. If they are released and don't show up for their court date, an arrest warrant could be issued in your name.

Protecting Yourself

Managing your personal information is key to minimizing your risk of becoming a victim of identity theft.

- Keep an eye on your purse or wallet, and keep them in a safe place at all times.
- Don't carry your Social Security card.
- Don't share your personal information with random people you don't know. Identity thieves are really good liars, and could pretend to be from banks, Internet service providers, or even government agencies to get you to reveal identifying information.
- Read the statements from your bank and credit accounts and look for unusual charges or suspicious activity. Report any problems to your bank and creditors right away.
- Tear up or shred your charge receipts, checks and bank statements, expired charge cards, and any other documents with personal information before you put them in the trash.

How To Tell If You're a Victim of Identity Theft

Monitor the balances of your financial accounts. Look for unexplained charges or withdrawals. Other indications of identity theft can be:

- failing to receive bills or other mail signaling an address change by the identity thief;
- receiving credit cards for which you did not apply;
- denial of credit for no apparent reason; or
- receiving calls from debt collectors or companies about merchandise or services you didn't buy.

What To Do If Your Identity's Been Stolen

If you suspect that your personal information has been used to commit fraud or theft, **take the following four steps right away.** Follow up all calls in writing; send your letter by certified mail, and request a return receipt, so you can document what the company received and when; and keep copies for your files.

1. Place a fraud alert on your credit reports and review your credit reports.

Contact any one of the nationwide consumer reporting companies to place a fraud alert on your credit report. Fraud alerts can help prevent an identity thief from opening any more accounts in your name. The company you call is required to contact the other two, which will place an alert on their versions of your report, too.

Equifax: 1-800-525-6285; www.equifax.com
Experian: 1-888-EXPERIAN (397-3742); www.experian.com
TransUnion: 1-800-680-7289; www.transunion.com

In addition to placing the fraud alert on your file, the three consumer reporting companies will send you free copies of your credit reports, and, if you ask, they will display only the last four digits of your Social Security number on your credit reports.

2. Close the accounts that you know, or believe, have been tampered with or opened fraudulently.

Contact the security or fraud department of each company where you know, or believe, accounts have been tampered with or opened fraudulently. Follow up in writing, and include copies (NOT originals) of supporting documents. *It's important to notify credit card companies and banks in writing*. Send your letters by certified mail, return receipt requested, so you can document what the company received and when. Keep a file of your correspondence and enclosures.

When you open new accounts, use new Personal Identification Numbers (PINs) and passwords. Avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your Social Security number or your phone number, or a series of consecutive numbers.

3. File a report with your local police or the police in the community where the identity theft took place.

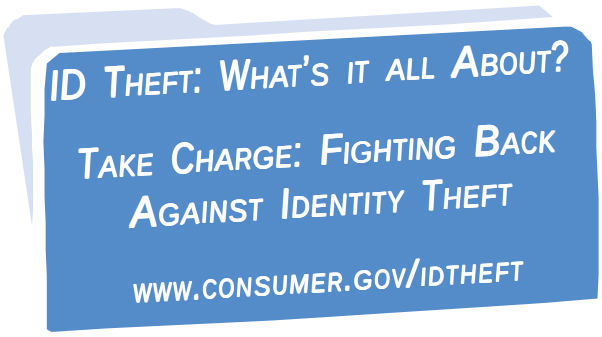
Get a copy of the police report or, at the very least, the number of the report. It can help you deal with creditors who need proof of the crime. If the police are reluctant to take your report, ask to file a "Miscellaneous Incidents" report, or try another jurisdiction, like your state police. You also can check with your state Attorney General's office to find out if state law requires the police to take reports for identity theft. Check the Blue Pages of your telephone directory for the phone number or check www.naag.org for a list of state Attorneys General.

4. File a complaint with the Federal Trade Commission.

By sharing your identity theft complaint with the FTC, you will provide important information that can help law enforcement officials across the nation track down identity thieves and stop them. The FTC also can refer your complaint to other government agencies and companies for further action, as well as investigate companies for violations of laws that the FTC enforces.

You can file a complaint online at www.consumer.gov/idtheft. If you don't have Internet access, call the FTC's Identity Theft Hotline, toll-free: 1-877-IDTHEFT (438-4338); TTY: 1-866-653-4261; or write: Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580.

For more information, see *ID Theft: What's It All About* or *Take Charge: Fighting Back Against Identity Theft* at www.consumer.gov/idtheft.



FOR MORE INFORMATION

The Federal Trade Commission enforces a number of credit laws and has free information about them:

The **Equal Credit Opportunity Act** prohibits the denial of credit because of your sex, race, marital status, religion, national origin, age, or because you receive public assistance.

The **Fair Credit Reporting Act** gives you the right to learn what information is being distributed about you by credit reporting companies.

The **Truth in Lending Act** requires lenders to give you written disclosures of the cost of credit and terms of repayment before you enter into a credit transaction.

The **Fair Credit Billing Act** establishes procedures for resolving billing errors on your credit card accounts.

The **Fair Debt Collection Practices Act** prohibits debt collectors from using unfair or deceptive practices to collect overdue bills that your creditor has forwarded for collection.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

FEDERAL TRADE COMMISSION	FTC.GOV
TOLL-FREE 1-877-FTC-HELP	FOR THE CONSUMER