

Credit Report Security Freezes and Fraud Alerts: What's the Difference?



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With major data breaches becoming too common, people often wonder how to stop criminals from stealing their identity. And rightly so. Identity thieves drain bank accounts, run up charges on lines of credit, and steal tax refunds. It can take months to detect the damage and years to clean it up.

Just consider:

- Hackers recently stole highly sensitive personal information on over 145 million people—nearly one out of every 2 Americans—from a major credit bureau. The data exposed in the breach included people's names, Social Security numbers, and birth dates.
- Information on over 50 million credit and debit cards was stolen by hackers from a national home improvement retailer. This information was later sold to criminals on the dark web.
- A data breach at a ride sharing company exposed private information on roughly 50 million customers and 7 million drivers. The data stolen included driver's license information for approximately 600,000 drivers.

Placing a "fraud alert" or "credit freeze" on a credit report are two steps to protect against identity theft. But there are differences between fraud alerts and credit freezes.

Fraud Alert

A "fraud alert" requires creditors to verify a person's identity before extending credit or opening a new account. For example, a lender may call a borrower before making a car loan. A fraud alert is an extra layer of authentication, not a prohibition on the opening of new accounts.

There are two main types of fraud alerts—an "initial" fraud alert and an "extended" fraud alert.

An "initial" fraud alert lasts for 90 days, but can be renewed. Starting on September 21, 2018, a new law provides that initial fraud alerts will last at least 1 year. An "extended" fraud alert lasts for 7 years, but can be removed sooner. An

extended alert requires victims of identity theft to provide the credit bureaus with a copy of a report of identity theft filed with law enforcement.

Both alerts are free and temporary. Once a request is made for a fraud alert with one credit bureau—Experian, TransUnion, or Equifax—the alert will be placed on credit reports with all three credit bureaus.

To request a fraud alert, contact the major credit bureaus toll-free as follows: Equifax: (800) 525-6285; TransUnion: (800) 680-7289; Experian: (888) 397-3742.

Credit Freeze

A "credit freeze" prevents new creditors from accessing a person's credit report. Without seeing a person's credit history, most creditors will not open new accounts or extend credit.

A credit freeze provides more protection than a fraud alert against fraudulent accounts being opened. Because credit freezes also block legitimate inquires, they require more planning than fraud alerts.

With a credit freeze in place, a person must use a PIN and contact the credit bureaus to lift or "thaw" the freeze before being approved for new credit. This process can take up to three business days. In a pinch, this could prevent a person from quickly getting credit.

Credit freezes stay in place until permanently lifted. There is no cost for freezing your credit. Starting on September 21, 2018, a parent or guardian may freeze the credit file of a child under 16 for free as well.

For instructions on requesting a credit freeze, you may call the credit bureaus toll-free as follows: Equifax: (800) 349-9960; TransUnion: (888) 909-8872; Experian: (888) 397-3742.

For more information about fraud alerts, credit freezes, credit reports, and identity theft, contact the Office of the Minnesota Attorney General.