



# WHAT IS IDENTITY THEFT?

Identity theft happens whenever someone uses your personal identification to commit fraud or other types of crimes. They may use your name, credit card number, or your Social Security number (or other identifying information).

According to the Federal Trade Commission (FTC) in the United States, some 9 million Americans have their identities stolen every year. They also state that identity theft is likely to affect most people in some way. The thief may rent an apartment using someone else's name. He/She may open a line of credit or use your own line of credit for his/her buying needs. He/She may apply for a job using your identification.

The effects of identity theft are very real. Your credit may be destroyed. You may have more debt than you should. You may be denied school loans or other types of loans due to poor credit or overuse of credit. You may even lose out on job opportunities if the case becomes severe enough.

The good news is that this very serious problem does have solutions. You may not even know about the problem until a debt collector calls you about a debt you do not remember creating. In other situations, you may spot the minor problems right away. In many cases, the victims of identity theft can solve their problems quickly by being vigilant both online and offline.

These crimes are punishable by jail time and the repayment of funds. Unfortunately, the road to getting your credit repaired and getting your debts worked out is rarely as easy to accomplish.

## **HOW DOES IDENTITY THEFT HAPPEN?**

There are many ways in which identity theft can happen. Most of the time, you will not be making big mistakes such as handing over your personal information. Rather, it may be small things that you do not think of or realize that can allow for someone to get your information. Still, by knowing how this happens, you will be able to prevent further occurrences.

The following are some of the most common methods by which identity thieves get their information:

- **Phishing:**  
One of the most common and hard-to-spot methods is phishing. Here,

the identity thief pretends to be a credit card company, bank, or even an online payment service like PayPal or eBay. They send you messages through email or even pop-up messages when you visit websites. They claim that you need to verify information or that your account has been put on hold. The goal that they have is simply to get you to log into your account through their website so that they can steal your personal information.

- **Dumpster Diving:**  
While it may sound like something that would never happen, dumpster diving is also a commonly used method for getting your personal information. They look through trash for bills that contain personal information. This may be done when you put your trash out or when you toss information at work.
- **Skimming Methods:**  
Skimming is a clever method in that it is very hard to detect. Imagine going to a restaurant for dinner. You hand over your credit card to the waiter. If the waiter has a skimming device, they could swipe your card through it, which then allows them access to your information. They can later use that information to make purchases on your account. These special storage devices can be hard to detect.
- **Stealing Via The Old-Fashioned Ways:**  
Of course, stealing your personal information may be done in any number of ways, including the old-fashioned way. They may steal your wallet or purse. They may take your mail. Pre-approved credit card offers can easily be used by them. They may take personal records or even bribe employees to provide this information to them.
- **Address Changes:**  
Some criminals will change your address at the post office. They forward your mail to their address in the hopes of stealing some of your personal information in the process. All it takes is filling out a change of address form.
- **Pretexting:**  
By pretending to be a merchant, your banker, or a telephone salesperson, identity thieves can easily take your information and use it for their own purposes. It is essential to ensure you know whom you are talking to and to make them verify it!

There may be other methods by which they can steal your personal information as well. It is up to you to do the best you can to find out what they are doing and to work to stop the process.

## **HOW DO THEY USE STOLEN INFORMATION?**

Now that they have your name, Social Security number, your credit card numbers, your address or other information, they can use it in various ways to steal from you.

### **CREDIT CARD FRAUD**

One of the most common methods of using stolen information is credit card fraud. Here, the thief may simply use your own information, such as the credit card itself, to make purchases. He/She may also use the information he/she has obtained to open new credit card accounts in your name. He/She does not pay the bills, which causes these accounts to become delinquent (in your name). They end up on your credit report as well.

Another form of credit card fraud occurs when the identity thieves steal your information, change the address on your credit card statements, and then use the information to run up the bills on already-existing credit cards. You no longer get the bill, but you likely do not realize it for some time.

### **PHONE FRAUD**

Phone or utility fraud is yet another common problem associated with identity theft. Here, they may obtain a new mobile phone or even other utilities in your name. They use those accounts, never paying the bills on them, and run up the charges. Sometimes, they may be able to access your current information so that they can use that to their own advantage.

They can use your name (and address) alone to set up new accounts for electricity, gas bills, cable television, magazine services, water bills, and so on. Many of these companies will take months to alert anyone of late bills, and yet, during that time, the identity thieves have racked up thousands of dollars of debt in your name.

### **GOVERNMENT DOCUMENTATION FRAUD**

Some of the most serious forms of identity theft involve government documents. For example, some thieves are able to get an actual driver's license using your personal identification information, but with their picture on it. As a result, they can use this to obtain any number of loans in your name.

They may use your information to file a fraudulent tax return that uses their information instead of your own. They may use your name and Social

Security number to apply for and get government benefits from numerous agencies.

## **FINANCIAL FRAUD**

Financial fraud involves the thieves using your information to obtain loans or other types of accounts in your name. They use your name, address, and Social Security number to open new lines of credit through banks or credit unions. They can open a checking account using your name and then write bad checks against it. They may use your existing checking account to write bad checks as well.

In addition, they may be able to clone your ATM card or your bank debit card and then use it to make withdrawals from your account, taking any money you put into the account. They may create counterfeit checks that have your account number on them and then use those checks to pay for any number of purchases.

## **MORE TYPES OF FRAUD**

There are still numerous other ways they can use the information they have stolen from you to achieve their financial goals.

- They may obtain a job by using your Social Security number. This may be hard to catch since it can go unnoticed for years.
- They may use your personal information to rent a home.
- They may use your personal information, including your health benefits, to obtain medical services under your account (or through the use of your finances).
- They may give your information to a police officer when they are arrested. Then, when you do not show up for the court date that has been set for the action, the police will issue a warrant for your arrest and come after you personally.

As you can see, identity theft can change your life in many ways. Unfortunately, many of these instances can frequently occur without you being immediately alerted to them. This is where identity thieves thrive. They are able to live for years on your stolen identity, and you will not know that they are doing so.

The longer they are able to create these problems for you, and the more complex their net becomes, the more difficult it becomes for you to untangle your finances and life from what they have created.

Luckily, most types of identity theft are simple and found easily.

## **HOW YOU KNOW WHAT IS HAPPENING**

As mentioned, the sooner that you can spot problems with your finances, the sooner that you will stop thieves from ruining your life. It is not always easy, but being diligent is the first step to overcoming this problem.

### **HOW DO I KNOW MY IDENTITY WAS STOLEN?**

The first question is, how in the world do you know that your information has been stolen. Be diligent about your personal information, especially your financial records. Here are some tips to follow.

1. Each month, review your credit card and bank statements to look for potential mistakes or problems there. If you notice problems, contact your lender or bank to request more information.
2. Be diligent about your credit report. In the United States, you may obtain a copy of your credit report one time every year from each of the three top credit reporting agencies (Experian, Equifax, and TransUnion). This means that one time every four months, you can obtain a credit report from one of these companies to check for problems. Three times per year (if you space it out), you should be able to check your report to learn of any potential problems.
3. Note any problems with your mail. If your mail stops being delivered or you are having constant problems with receiving your mail regularly, contact the post office. Generally, it is not the postal worker that is the problem!

These are just three of the most common ways that people find information out about themselves. It is easy to mistake this type of information for just

mistakes. The bank made a mistake. My husband must have made that purchase. The postman is always losing my mail! The problem is that this could all be an indication of a larger problem. The sooner you realize it is happening, the sooner you can stop it.

There are often other ways you will be alerted to the changes occurring. Most consumers are unaware of any of the problems they have because they are not diligently doing any of the three items above. This is costly. In these instances, you may learn of the identity theft in other ways.

For example, you may not find out about the identity theft until you have a creditor calling your home demanding money for an account that you do not know is your own. In this case, respond to them as quickly as possible. Legally, there are requirements for lenders to allow you to fight any claim as being legitimate by filing a complaint within 30 days of being notified. Remember, you may not be receiving the mail and details of such accounts, so as soon as they call, react.

Another instance where you will find out that your personal information has been stolen is when you go to apply for a loan. You hope to purchase a home, so you apply for a mortgage. You want to open a new line of credit to do some repairs. You try to open a new credit card or buy a vehicle, but you are declined, even though you make your payments on time and should have a good credit score. The problem is, your credit history has been ruined by the identity thieves, and you are left unable to get the credit you want and need.

Other times, you may be alerted to problems when you get information about accounts you do not own, an apartment you have not rented out, a house you've never owned, or similar information in the mail. If anything like this happens, do not chalk it up as this information was just sent to the wrong person. Investigate these occurrences to ensure that someone is not using your name.

## **THINK YOU ARE A VICTIM?**

If you feel that any of these situations may have happened to you or you want to be sure that they have not, there are several things you should do:

1. Get a copy of your credit report from [AnnualCreditReport.com](http://AnnualCreditReport.com) and verify that your information is accurate. This is the only website approved by the government under applicable laws to provide you with a free credit report from each of the three national credit reporting agencies. Your credit report is the telltale location to learn more.

2. If you have been violated, contact the police. Fill out a police report right away so that investigative teams can begin the search for the person.
3. Notify your creditors. Let them know what is happening so they can freeze the accounts or otherwise stop the problem. Most companies have specific plans in place and procedures to follow in order to stop these criminals from stealing from you, though your creditors will want to verify any information that you provide.
4. Dispute any charges that you may have. Charges on your credit report are legally able to be disputed. Most lenders will not require you to pay for debts you did not incur, but you do have to file a dispute.
5. Do not try to pursue this person on your own. Rather, take the lead of the police.

In some cases, you will need to get the help of an attorney, especially if there are any legal actions being taken against you, such as criminal charges or collection activities.

## **DO I REALLY NEED TO FILE A POLICE REPORT?**

Many people do not believe that they should file a police report. Identity theft seems simple enough, and they likely do not want to find themselves facing long, drawn-out procedures. You would like to report a burglar breaking into your home. You would like to report your vehicle has been stolen.

Here, you are dealing with something much more important to your life: your identity. Not only can these criminals steal your finances, but they can also destroy your ability to borrow or to get a job in the future.

When you file a police report about the incident, you should give specific information about what has happened. Most of the jurisdictions in the United States call this type of report an Identity Theft Report.

This report empowers you with certain legal rights. The three credit bureaus will need to act according to the stipulations of the report to help you in uncovering the problem you are facing. This tool can help you to work with these agencies to find criminals that have misused your information.

There are several things an Identity Theft Report can do for you if you have become the victim of identity theft:



1. It permanently blocks fraudulent information from appearing on your credit report. This includes any results from the identity theft, such as fake accounts, names, addresses, or other reporting information.
2. The identity theft report also ensures that these debts will not reappear on your credit report at any time in the future.
3. This report stops companies who are coming after you through collections activities from collecting on that debt if it is proven to be the result of identity theft.
4. The lender, collection agencies, or others may not sell these accounts to other collections companies to try and collect on the debt.
5. The identity theft report also is needed in order to place an extended fraud alert on your credit report. This will protect your identity from future problems.

It is not always necessary to use this type of report, though. In fact, many types of identity theft can be fought by simply working with the lender. For small problems or for instances when someone has just used your credit card, this is the best route to take.

On the other hand, if there have been fraudulent charges on new accounts that you have not opened or there are situations in which there are multiple problems, filing this type of report can really help you to protect against further problems and to resolve current ones.

Also note that by filing a police report, you give the police an opportunity to catch the person who is making these charges. This is incredibly important for those who are angry and frustrated with the problems that these people have caused. More so, if they are not stopped, they can cause the same or worse problems for someone else.

With an Identity Theft Report, the police can obtain the application that the thief used, the transaction information the thief made (which can support your own claims with credit card companies), as well as other information on where to locate the person.

## **FTC ID THEFT COMPLAINT**

In the United States, the FTC also helps consumers to fight identity theft. You may file an ID Theft Complaint with the organization (FTC.gov). This allows you to then bring this printed complaint to your police station to file your report. This will work as support for you when filing your claim. It also provides key details to police agencies on how to pursue the claims you are

making and gives them the details they need to further investigate these claims you are making.

# PROTECTING YOUR IDENTITY

Before providing you with a few tips on how to protect your identity, let's talk about the ramifications for not doing so.

In the previous chapters, we have talked about what identity theft is and what to do if you believe that you have become a victim of it. But, why does it matter? What can the results of identity theft be to you, should you end up facing any of these charges?

Identity theft can last years. It can be a one-time occurrence. It is hard to say just how long it will last or how long the effects of identity theft will last. There are many factors that play into this, including whether the thief was the only person to use your information or if they passed it on to other thieves. In some cases, all reports may be closed and the accounts may be fixed, but the thief is not caught, which leads to them still using your information even years and years later. Problems with your credit report can linger for some time too, making it difficult to get jobs or to apply for new loans.

As you can see, it is critical that you do everything in your power to prevent these problems from happening to you in the first place. If you have been the victim of identity theft, you will need to:

- Monitor your credit report and your financial records closely for at least the next year to ensure that all details have been found and that you are no longer being victimized.
- Review your credit report every three months during the first year, at least, to ensure that any problems are identified quickly and are handled as soon as there is a problem.
- After the first year, check your credit report at least one time per year, but preferably, more often.
- Stay alert of any other signs of identity theft that we have mentioned on the previous pages.
- Correct any problems with your records with the lenders or companies. It is critical that you handle any type of fraudulent transaction or account as quickly as is possible to do so.

- Call your lenders or financial institutions over the phone to dispute charges or to handle problems. You should also follow up in writing to ensure that claims you make are handled properly.
- Be diligent. It is critical that you work towards monitoring and reacting to any problems quickly. The sooner that you fix a problem, the easier it is to fight that charge.

As a victim, you are likely to be worried about your finances for many months to come. Yet, you do not have to be a victim to take steps to protect yourself from identity theft in the future or even as a first-time event.

## **HOW TO FIGHT IDENTITY THEFT**

There are two things to remember about identity theft. First, this can occur to anyone, and therefore, you need to use the following tips to help you to stop these things from happening to you. Second, there are things you can do to help the FTC to fight these crimes as well, such as reporting the claims to the FTC and your police department.

The following are some tips to help you to protect yourself from identity theft.

1. Take the time to balance your check book, to check your financial statements, and to look at your credit card accounts each month. Ensure that all charges made there are actually charges that you made.
2. Do check your credit report on a regular basis. Each of the three credit reporting agencies can provide you with paid memberships where you can check your report as often as one time each month. But, you do not need to do this in most cases. Rather, just checking your credit report one time every four months (using one of the national company's free reports each time) will help protect you. You can get a copy and learn more about the free credit reports by visiting [AnnualCreditReport.com](http://AnnualCreditReport.com), the only government site.
3. Be aware of the things happening around you. For example, when handing your credit card to make a payment, be sure you can watch the person using it. They should only use one device to swipe your card. Even in restaurants, you can walk up to the booth that they are using.
4. Shred all of the documents that you do throw away. It is important to stop identity thieves before they can get your information. Use a paper shredder to cut up old credit cards, destroy financial paperwork, and

destroy statements, account information, or even applications for new accounts that you do or do not get.

5. Spot problems with your credit as soon as they occur. For example, if you are turned down for a loan, find out why.
6. Check your criminal background every few years to ensure that there are no charges against you that you are not actually facing.
7. Speak to your employers about the security of your information. Where do they store your personal identification information? Is it locked up or accessible to anyone?
8. Educate your family and friends on identity theft. Be sure that your children know what types of information they may or may not provide to strangers.

The more diligent you are in stopping your information from being used, the better off you will be in the long term. Again, small problems can be handled through phone calls to your lender, but larger, more complex problems are those that often go undetected for years to come. More so, you never know who it is that wants to use your information, or even worse, sell your personal information to others who will steal your information.

You do not have to be one of the 9 million Americans to be affected by identity theft. More so, you do not have to be American at all to be affected. Even citizens in other countries can face serious financial problems from the theft of their private information.