

Building & Preserving Wealth by Design - Not by Chance

QUALITY FINANCIAL CONCEPTS

QFC's Insights

Date: March 15, 2018

Category: Protection

Vigilance Required to Avoid ID Theft “Past Computer Breaches Coming to Life”

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Recent news reports have revealed numerous high profile customer information breaches. You likely heard when Target's customer information was breached affecting 110 million Target shoppers. Additionally there was the Yahoo breach impacting 3 billion, another affecting 145 million members of eBay, and then Equifax, one of the largest credit bureaus, where 143 million records were compromised. While these four breaches aren't the only ones to occur in the last few years, they are some of the more significant ones. Believe it or not, the breaches at Target and Yahoo occurred in 2013, eBay's breach occurred in 2014, and it was 2017 for Equifax. With the oldest breaches dating back to 2013 it would be easy to think anyone affected would already be well aware and that those who have been unaffected to date are in the clear, but this just isn't true.

As frustrating as any theft can be, the solutions are much easier than when someone's identity is stolen. For the theft of a credit card or bank account, the account is closed, and a new card or account is issued. Once the new accounts are issued, the chance of additional loss occurring is eliminated. Most financial institutions offer protection against this type of theft by removing the charge from your account, but when an identity is stolen, the option of closing an account may not exist. The pieces of a person's identity like the Social Security number, date of birth, and often the address do not change, so this information is likely the same as when the previously mentioned breaches occurred four and five years ago. Another difference from the loss of a credit card is the timing of the event. Most often a consumer realizes the loss of their wallet or purse within hours of the event. It could be one or two months before someone realizes new accounts have been applied for unless their account is professionally monitored. Regardless of when the breach occurred, once the information is available in digital form, it is forever available to criminal mischief.

Even with the tremendous number of commercials regarding free credit reports, many consumers never check their credit until issues arise. Actual credit inquiries can reduce the credit score since the inquiry was for the application of an account. Should a thief be successful in opening an account and making a purchase, the credit score can be compromised further due to late or non-payment of the account. At this point, credit restoration may be required. This process can be challenging since many consumers are not knowledgeable of the steps required to restore their credit.

There are actions you can take to avoid this type of theft. Credit monitoring is the most common method, but it may not fully protect you. Monitoring services may offer early warnings of potential issues, but some do not provide the restoration of a damaged account without an additional cost. Some services provide free monitoring but offer little or

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no assistance in restoring damages. Keep in mind there are three bureaus, but some monitoring services only monitor one or two of the three bureaus.

Equifax: 866-349-5191

TransUnion: 800-916-8800

Experian: 888-397-3742

Every consumer is entitled to a free credit report annually from each bureau. Taking advantage of this will allow the consumer to spot incorrect information and have the chance to have it removed. This precaution is helpful but may not be vigilant enough to avoid the actual theft of someone's identity.

According to a September 2017 Forbes article by Robert Harrow, every time a breach occurs, 'credit monitoring' becomes one of the top searches on Google. Seeking the services after the announcement of a new breach may be too late. Breaches are rarely discovered within days of occurring, and thus the information may be in the hands of criminals for months and perhaps years before the breach is first discovered, reported to proper authorities, and finally reported to the public.

Some of the service providers include Experian Monitoring, LifeLock, PrivacyGuard, and IdentityGuard. Consumers should expect to pay up to \$20 per month per person for enhanced benefits, but for monitoring only, free services may be sufficient. While the cost may seem excessive in the beginning, should a theft occur, I believe it will be a benefit you are glad you have.