

September 21, 2018

Credit Freezes

Protecting the Financial Identities of the Vulnerable

The Federal Trade Commission (“FTC”) has announced that starting on September 21, 2018, credit freezes will be free from each of the three nationwide credit reporting agencies (Experian, Equifax and TransUnion). This comes after several high-profile security breaches at popular retailers and financial institutions. Formerly, nominal per-person charges were assessed by each credit reporting agency for freezing, and then again for thawing, credit files. These fees, when compounded across each of the three reporting agencies and each member of a household, lead to charges which may have discouraged participation in these programs.

What is a Credit Freeze?

A credit freeze is a restriction put in place by one of the three credit reporting agencies that makes it harder for identity thieves to open accounts in your name, owing to the fact that the freeze must be “thawed” (affirmatively lifted) before the credit data can be accessed. A freeze effectively cuts everyone—even the person placing the freeze—off from reviewing the personal data that comprises a credit status. Therefore, with a freeze in place, it is not possible to check a credit score or be approved for a loan. However, credit monitoring will not be impacted. Additionally, a credit freeze will not stop thieves from making charges to an existing account, deactivate credit or debit cards, or in any way impair valid power of attorney documents. If you think you or someone you love is being victimized through the improper use of a power of attorney document, contact your attorney right away.

Under the new law, if a credit freeze is requested online or by phone, the reporting agency must place the freeze within one business day. If a request is made on the internet or over the phone for data to be thawed (for example, if you need your credit run to apply for an auto or home loan), the agency must lift the freeze in one hour. It is important to note that freezing your credit with one credit reporting agency will not completely freeze your credit—you will have to freeze it with all three reporting agencies.

Fraud Alerts

Despite the reasonably quick turn-around time within which agencies are now required to lift credit freezes, if you feel uncomfortable placing a freeze on your credit, or are someone who frequently checks their credit, a fraud alert may be a preferred route for you. A fraud alert is an alert that informs potential creditors that they should check with you prior to extending you a loan or line of credit. Under the new law, these, too, will be free for one year. For victims of identity theft, this option is available for seven years.

Credit Freezing and Our Vulnerable Populations

Freezing your credit is a good way to keep your financial identity secure, and it is never too early or too late to start thinking about making this move. Anyone with a social security number can become the victim of identity theft; for this reason, the FTC is even offering free credit freezes for children under the age of 16.

Moreover, if you are someone’s guardian, conservator, or hold a valid power of attorney, you can freeze the credit of that person for free as well. When considering the financial identities of the aging population, it is important to be mindful of the fact that fraud can come in many forms. While many identity thieves phish for

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personal or financial information through phone and email scams, guardians of elderly persons should remember to stay vigilant with regard to where physical personal information is stored as well. This includes knowing where old Medicare IDs are placed, if they have been scanned, and ensuring old and out of date IDs are shredded.

Social Security Number and Medicare Cards

Those on Medicare (or who are caretakers for Medicare recipients) should be mindful that the Department of Health and Human Services (“DHHS”) started issuing new Medicare cards in April of 2018, the distribution of which is required to be completed by April 2019. While old Medicare cards used to feature the beneficiary’s social security number as their “Medicare Claim Number”, new cards will now have a unique and randomly assigned “Medicaid Beneficiary Identifier,” which should also be kept confidential. DHHS is advising that all old cards be securely disposed of to prevent thieves from using these social security numbers to open credit accounts.

Financial Identity and the Law

It is important to monitor your financial identity for signs of fraud on a periodic basis. If you think you or someone you provide care to has become the victim of identity theft, it is important to bring this information to a financial advisor, your attorney, or the authorities at your soonest indication to protect your rights. Moreover, if a time comes when you no longer feel like you can adequately protect your finances on your own, speak to an attorney about a power of attorney document, which would give someone you trust the authority to protect your financial identity for you. Our attorneys are available at (585) 730-4773.

For more information on freezing your credit, visit <https://www.consumer.ftc.gov/articles/0497-credit-freeze-faqs>.

If you have any questions about this Legal Briefing, please contact any attorney of our Firm at 585-730-4773.

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ATTORNEYS & COUNSELORS AT LAW

69 Cascade Dr. Suite 307 • Rochester • New York • 14614 • 585.730.4773

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