

Dealing with Identity Theft

Everyone hopes it won't happen to them, but the odds of falling victim to identity theft over the course of your life are relatively high. Identity theft is extremely common in the United States, as roughly 7 percent of Americans ages 16 and older have their identity stolen every year. When it comes to your identity, it never hurts to be prepared for the worst. In the event that your identity is compromised, here are some steps that can help you handle and minimize the damage.

Discovering the Theft

Your bank may reach out to you before you are aware of any fraudulent activities. If this is the case, your bank will then freeze all compromised cards and accounts until you are able to ensure the integrity of your information. Even though technology has made spotting unusual activity nearly automatic, it is still wise to consistently check bank statements and account activity. Expenses that are unexpected or unaccounted for in your transaction history are glaring red flags that your identity may be compromised. If your bank did not alert you first, call them and request an immediate freeze on all compromised cards and accounts. Any calls from debt collectors regarding payments you are not familiar with should be addressed immediately. Also, keep an eye out for emails or letters regarding newly opened accounts or cards in your name that you did not authorize. All of these are strong indicators that your identity has been stolen and the effects on your money and credit score can be disastrous.

First Steps

Once you are aware of the theft, the first thing to do is assess the damage. Take inventory of all fraudulent charges, unauthorized accounts and other malicious activity. This way, when you report the theft to the appropriate agencies, they will have as much information as possible. Once you have identified all compromised accounts, change all log in information and PINs. Document all the steps you take along the way, including any updates you receive from credit companies or financial institutions; knowing who you contacted, when you contacted them and what their responses were may be important if any disputes arise. In 86 percent of identity theft cases, the victim does not have to pay out of pocket for any fraudulent charges, as reported by the Bureau of Justice Statistics. While ensuring that your accounts and cards are temporarily frozen is important, you also need to protect your credit score. After you have called your local bank, call one of the three main credit report companies: Equifax, Experian or Transunion. Explain to the company that you were the victim of identity theft and the severity of the situation. Then, put a fraud alert on your credit file. This way, in the event that you need to utilize your credit for a loan, the negative information on your credit score will be shown as fraudulent activity. Once you have gone through these steps, it may be beneficial to confirm that the credit company you contact will alert the other two credit companies. This will ensure that there is no unnecessary communication that might complicate the situation.

Request a copy of your credit report from the company you contact. This will give you insight as to how your credit score has been affected.

Create an Identity Theft Report

Creating a report that fully encompasses the theft will give you leverage in any legal situation you may find yourself in. Contact the Federal Trade Commission (FTC), either by phone or online, to submit a claim for the theft. You will need to fill out an affidavit regarding what has been stolen, whether you know the perpetrator's identity and any other pertinent information regarding the theft. Next, file a report with your local police about the theft. When filing, make sure you have: The FTC affidavit, a government-issued photo ID, proof of address, FTC's Memo to Law Enforcement (found on the FTC's website) and other relevant information about the theft. Together, the FTC affidavit and the police report form the "identity theft report." This will provide you with a full picture of both the legal and financial implications of having your identity stolen. As mentioned earlier, this will give you support in the event of any disputes, in addition to being thorough documentation of the entire incident for reference.

Fixing the Damage

According to law, you have the right to have all fraudulent activity blocked from your credit report. When writing to the credit company, you must supply the identity theft report, proof of your own identity (including Social Security number, name and address), explain that the information is fraudulent and that you are asking the company to block the information. You can access templates for reporting fraud by going to IdentityTheft.gov. The credit reporting company has up to five days to determine whether the claim is legitimate or if they need additional information to prove the theft. If an account was opened in your name and/or account information has been compromised, you can reach out to the financial institution and have these fraudulent activities removed. You must supply your identity theft report, proof of identity and explain that the accounts have been compromised. The sooner you report this, the lower the risk of having to pay out of pocket for any fraudulent activity. Reports made within two days of fraudulent activity on an ATM/debit card can only carry a maximum loss of \$50. The financial institution must give you the results within three days of finishing the investigation. In addition to blocking fraudulent activity through the credit companies, you also have the right to contact the businesses where the fraud transpired. Include the identity theft report, proof of your identity and a copy of your credit report (with personal information removed) to support your claims as to which transactions are fraudulent.

Dealing with Debt Collectors

If your stolen identity resulted in a debt that a debt collector is now inquiring about, you must act within 30 days of receiving the notice of debt to ensure you are not responsible for the payments. First, alert the debt collector that you are a victim of identity theft and that you are not liable for the debt. Send in copies of the police report, credit report and any other pertinent documentation regarding the theft. While having your identity stolen is never ideal, knowing how to handle the process and eventually recover will help limit the damage to your bank account and your credit score.

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