

**Private Credit Reports and Tips on Avoiding Identity Theft.
(From Summer 2004 ConsumerWatch Bulletin)**

How Private Credit Reports Can Affect Your Life

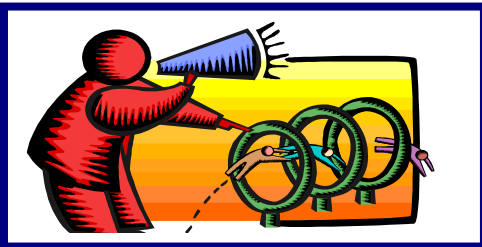
In May of this year the Alberta Ministry of Government Services took long overdue action and charged Equifax Canada, one of three major credit reporting companies in Canada, with failing to correct inaccurate information in its credit reports of nine Albertans. While this is an important precedent, these cases represent only the tip of an iceberg.

Far too many consumers acting in good faith are now forced to go to great lengths and expense to obtain remedies for harm done from sloppy data entry, automated billings, unresolved disputes, and identity theft.

Computerization has lowered costs for collecting and sharing personal information for use in credit reporting. This has led to all sorts of third parties now routinely accessing and adding new information to your personal credit report. Among those routinely accessing individual credit reports are merchants, banks, landlords, insurers, collection agencies, and even potential employers.

The decisions these organizations make about you can have a powerful impact on your life, yet there is no obligation for credit reporting companies to verify the accuracy of the information with you. Instead they rely on a complaint-based mechanism of addressing inaccuracies.

Jumping Through the Hoops



Individual consumers who contact credit reporting companies to seek correction of errors are first told it is up to them to resolve the issue with the company or public agency that has put wrong information on his or her file. But these organizations are not always cooperative. It often requires repeat calls and letters, and countless hours waiting on a phone tree. Just to find the

right contact name or address is often time-consuming. Proving that you didn't run up a bill is much more difficult than proving you did, because you have no invoice for something you did not purchase. If you've had other legitimate dealings with the company or have a common name like Smith it can even be more problematic.

Big companies are primarily organized to respond to their own needs, the recovery of payment - not the needs of their unhappy customers.

One large video mail-order company in Canada only provides a 1-900 (user pay) number to deal with complaints about incorrect billings. It also signs a number of different alias names on a continuing stream of collection letters - "to protect our staff." This makes it impossible to reach the same person twice, or hold anyone responsible for promised corrections.

The frequent failure of businesses, public agencies, and credit reporting companies to respond appropriately to requests for corrections or resolution of disputes has led to many people losing sleep, paying bills they did not incur, and being shut out of future options.

For almost a year, Lydia Nay, an 83 year old widow, was pursued by a gasoline credit card company for a fill-up in B.C. which the company insisted had been charged

by her husband on the same day he was buried in Alberta. Despite repeated letters and phone calls, the company continued to send threatening letters for collection, even after they sent a copy of the receipt he supposedly signed as proof. The receipt had a different name, a different signature, and different charge card number on it!

Have you ever withheld payment because of poor workmanship or failure to deliver goods? Some companies simply register the debt with a collection agency or credit reporting company rather than attempt to resolve the dispute - leaving you with little leverage.

Hidden Surprises

Regardless of the reason for inaccurate or disputed information on your credit record, most people don't find out until they try to rent an apartment, hook up utilities, or apply for a car loan or mortgage. Other transactions that can be put on hold due to a poor credit report include obtaining insurance, being considered for a job, or renting a car on a vacation or business trip. These opportunities will often have disappeared before the problem is corrected. Some people only find out when a demand letter from a collection agency arrives in the mail.

INFORMATION COLLECTED BY CREDIT REPORTING COMPANIES

Information collected includes names, addresses, past addresses, birth dates, past and present employers, Social Insurance Numbers, outstanding amounts owing to credit cards, financial institutions, retailers, landlords, and any other legal liabilities. The three largest companies in Canada are **Equifax Canada**, **Trans Union Canada**, and **Northern Credit Bureau**. All may have different information about you. These companies are primarily regulated by provincial legislation.



The New Frontier - Identify Theft

Identify theft refers to a situation in which someone obtains and uses your personal information to open an account, purchase services or apply for a credit card in your name without your knowledge or consent. These criminals can then rack up bills and disappear, leaving you with a tattered credit record and insurmountable debt.

You may also find yourself on the hook for all or part of these debts if you have failed to report errors on your statements within a specified time or if can't prove you did not make the purchases. Even if you aren't pursued for recovery, these fraudulent charges are absorbed by companies and financial institutions - and ultimately passed on to you through higher interest rates and new fees.

Described by some observers as the new frontier for organized crime, a national anti-fraud agency reports that documented economic losses to individuals and businesses in Canada from fraud associated with identify theft almost doubled from 11 billion in 2002 to 21 billion in 2003.

Protecting Yourself

With the increasing significance of the credit reports on the daily fabric of our lives, its time to insist on changes to current business and credit reporting practices and more accountability for their actions.

Government Services Ministry in Alberta is doing the right thing going after Equifax Canada. Let's keep up the pressure. Make sure that you report your problems with Credit Reporting companies to the Government Services Consumer Help Line at 1-877-427-4088. Contact your local police and **PhoneBusters at 1-888-654-9426 or <http://www.phonebusters.com/>** if you think you may be a victim of identity fraud. Most importantly, try to be diligent in guarding your personal information, insist on more responsive business practices, and resist some of the new business practices and uses of personal information creating these problems.

Editorial Perspective: Are We Inadvertently Cultivating an Environment for Identity Theft to Thrive?

Remarkably, at a time when protecting ourselves from identity theft is receiving so much public attention, many common business practices, including those which many claim are required to reduce identity theft, seem to be increasing the risk. In fact, we may be inadvertently cultivating an environment where identity theft can thrive.

Gone are the days when simply producing a picture ID or two pieces of ID with a signature to compare was considered proof of identity. Now 2 pieces of picture ID, at least one credit card and a piece of mail with our name on it are often required. Social Insurance Numbers are routinely requested for even the most minor transactions. Numbers from these and other documents are entered into electronic databases. Sometimes photocopies of one's identification are required.

We are told these new requirements are necessary because companies and government agencies can't trust their employees or customers anymore - that it is more convenient - or that it will protect us from identity theft and fraud. People rarely question filling in all the blanks on a form whether the information is necessary for the transaction or not.

Based on the assumption that traditional identifiers have lost all reliability, we are asked to provide even more details of our lives.

More information is collected and shared by more parties for more purposes than ever before. The more our picture, our signature, details of our family and work life, our finances, and our buying habits are collected and documented in electronic databases, the more readily accessible this information is to far more people. Ever heard of compounding interest? **We now live in a world of compounding personal information.**

Based on the assumption that traditional identifiers have lost all reliability, we are asked to provide even more details of our lives. Recently a householder living at the same address in Edmonton for 30 years tried to call in her meter reading. She was asked to provide not only her service and/or billing address and name, but her birth date and either her SIN number or her Driver's License number.

Courier companies such as Fedex, Purolator, and Canada Priority Post now routinely put our signature up on their web-site when we sign for a parcel or letter - often without our knowledge or consent. The stated reason is to allow the individual who sent the parcel to check to see if it was delivered and who signed for it. But who can even decipher most signatures? It's the name that counts. Surely, the rare times that a sender would need to see an actual signature could be dealt with in other ways. Instead, anyone who has access to the shipping number for the package can now access our signature, including someone interested in identity theft. It turns out we can refuse to sign and only

print our name with Canada Post - or voluntarily request suppression of our signature on the web, but there is no good reason to put this unique identifier on the web in the first place. Canada Post claims they have to do this in order to be competitive with "industry standards". Why in heaven's name is this considered an industry standard?

The Alberta *Health Information Act* now allows any authorized healthcare worker, healthcare organization, or administrator (on a growing list) to access and share certain personal and medical information of any Alberta resident without his or her knowledge or consent. This is being expedited by the implementation of a provincial database of identifiable Electronic Health Records at great public expense. Similar initiatives are

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underway in other provinces with plans for eventual linkage. While well intended, the increased availability of this personal information to so many more people, guarded primarily by an "honor system", may well lead to more problems, as well as more expense. (Ironically, this same *Act restricts*

disclosure of business information about publicly paid health care practitioners).

We often hear people say that they have "no problem" giving anyone whatever information is requested - "because, after all, I have nothing to hide." While it is true they may have nothing to hide, it turns out, they do have something they need to protect - namely their identity and future options.

All this raises some important questions. Why are we allowing these problems to escalate without addressing any of the root problems at source? Why do we blithely accept that more information collected by more people will somehow solve the problem? New business practices and government initiatives should not just be accepted without any consideration of the potential pitfalls. They should not escape our questioning and challenges to limit the potential for harm.

As consumers and citizens we need to start asking more questions - and giving out less personal information. Increasingly, businesses choose their customers, and governments scrutinize their citizens. It should be the other way around.

Our Association is planning some new initiatives to get more information out about what you can do to fight back to protect your interests and future opportunities. We urge you to ask your friends and associates to donate to our organization to help support these efforts. Together we *can* make a difference!

PERSONAL BANKING SERVICES



"Of course you can open a bank account Mr. Marshall, but first we'll need a nail clipping to compare with your DNA sample at Equifax."

Tips to Help Minimize Your Risk of Identify Theft

The following tips come from a number of credible sources, including the web-site of PhoneBusters, an intergovernmental and police initiative committed to reducing and prosecuting fraud. This group also provides valuable information on scams and what to do if you think you may be a victim.

- Before you reveal any personally identifying information, find out how it will be used and if it will be shared. Give the minimum information required.
- Guard your mail. Promptly remove mail from your mailbox and make sure someone picks up the mail if you are away. Ensure mail is forwarded or re-routed if you move or change your address.
- Pay attention to your billing cycles. Follow up with creditors if your bills don't arrive on time. Review your monthly bank and card statements and report any unrecognized charges as soon as possible.
- Use passwords on your credit card, bank and phone accounts. Avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your SIN or your phone number. Do not link your savings account to your debit card.
- Minimize the identification information and number of cards you carry. It's a good idea to limit the number of charge cards you have as well.
- Don't carry your SIN card. Give your SIN only when absolutely necessary. Ask to use other types of identifiers when possible.
- Do not give out personal information on the phone, through the mail or over the Internet unless you have initiated the contact or know whom you're dealing with. (Sometimes you can put N/A in most of the blank boxes and still access a site).
- Be careful what you toss out. An identity thief will pick through your garbage or recycling bins. Be sure to tear or shred any receipts, copies of credit applications, insurance forms, physician statements and credit offers. Unsolicited pre-approved credit card letters thrown out in the trash are one of the major sources of identity theft today.

**Contact for PhoneBusters <http://www.phonebusters.com/>
1-888-654-9426**

If you have had an experience with identity theft, please let us know your story and how things turned out for you by e-mailing or writing to us at contact@albertaconsomers.org or Box 11171, Edmonton, T5J 3K4.