



VIDEO: THE EXPERT'S OPINION ON FRAUD ALERTS AND CREDIT FREEZES

The Expert's Opinion on Fraud Alerts and Credit Freezes

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There are a few things that you can do to help protect your credit – the first one is a **fraud alert**. A fraud alert is like a red flag on your credit. The way it works is that the lender calls you, and verifies it's you by asking a series of questions. Once you successfully answer those questions, they'll allow the line of credit to go through.

A few things: Anyone can get an initial fraud alert. It lasts 90 days. You just need to connect with *one* of the credit bureaus. They, by law, will then share the request with the other two credit bureaus.

The three credit card bureaus are Experian, Equifax and TransUnion.

If you are a victim of identity theft and you have a police report or an identity theft affidavit form, they will extend that fraud alert to seven years.

Also, if you're active duty military, you can actually put that fraud alert on for one year, which is great for active duty military.

So how a **credit freeze** works is that you connect with *all three* credit bureaus, Experian, Equifax and TransUnion. It secures your credit, so it's frozen. So in the event a fraudster tries to get a line of credit, they wouldn't be able to, because they wouldn't be able to pull your credit.

So what happens is you're given a ten-digit pin in the mail, and if you want to lift or remove that credit freeze, you connect with the credit bureaus and they will lift that for a temporary amount of time. You'll get your line of credit, and so it does secure your credit in a few ways.

There *is* a small fee associated with this. If you're an identity theft victim and have an identity theft affidavit form or a copy of a police report, there is no charge. But, otherwise, some states charge anywhere from \$3 to up to \$15 per bureau.

In the event you want to lift or thaw your credit freeze, *you* decide when that happens. So you could say, "Credit bureau, I want it lifted for 24 hours. Credit bureau, I want it lifted for one month." Because when you're getting a mortgage or something that involves looking at your credit multiple times, you might want to extend it for a long time. You may want the freeze to be lifted temporarily or maybe permanently, but *you* decide how long you want it to be lifted.

There are some pros and cons between a credit freeze and a fraud alert.

A fraud alert does protect your credit, but the lender gives you a call if you or somebody else is opening up a line of credit in your name. So let's say you go into a store, and you apply for a credit card. The lender will see that you have a fraud alert, give you a call, and ask you some knowledge-based questions based off your credit report.

The thing about a fraud alert, though, is that it only lasts for 90 days. So every 90 days, you need to remember to go back and put that fraud alert back on, with the exception if you're a victim of identity theft, in which case you would have a seven-year fraud alert. But that is a lot to remember in the case of a fraud alert.

Versus a credit freeze. A credit freeze stays on as long as you place it, with the exception of a couple states in which they last for seven years. There's a small fee associated with a credit freeze, but in the event of someone trying to open up a line of credit, they're not able to because your credit is frozen.

Let's say you decide you need to finance something and the lender needs to look at your credit. You would then call the credit bureaus and give them the ten-digit pin that you were given via postal mail. They would lift the freeze temporarily or permanently, and then they'd allow the line of credit to go through.

So how do you watch out for fraud when spending? If you're purchasing anything with your credit card or debit card, we do recommend using credit over debit. Your debit card is a direct access to your bank account. The fraudsters want to clean your bank account completely out, and they especially want to get ahold of that four-digit pin in order to get cash.

With your credit card, you actually have 60 days to report the fraudulent activity, you're only liable for up to \$50 of those fraudulent charges, and it gives you that extra layer of protection because it's not a direct access to your bank account.

We also recommend mobile payment – anything like Apple Pay, Android Pay, Google Pay, any of those mobile payment options. It's an encrypted transaction, so in the event that wherever you used the card had a breach, that data is encrypted, and so your credit card isn't the one that is actually being breached.

