

Why you should consider freezing your credit reports

Q&A: Why everyone should consider freezing their credit reports to deter identity thieves

Freeze your credit reports before you get burned.

That's the message from security experts, consumer advocates and some state Attorneys General. They say more people should consider a credit freeze as a way to block identity thieves from opening new credit cards and other accounts in your name. They recommend a freeze even if your identity hasn't been stolen. "It's much better to shut the door before it even takes place," says Mike Litt, a consumer program advocate at the nonprofit U.S. Public Interest Research Group. "You can save yourself so much time and headache."

I didn't listen, and now I regret it. Someone recently applied for 10 credit cards in my name and opened two wireless phone accounts. Removing the fraudulent activity off of my credit reports took hours: I had to make several phone calls, send paperwork and fill out a police report. And my credit score will probably be hurt temporarily until everything is removed. I could have avoided all that if I had frozen my credit reports earlier.

But there are some downsides to a credit freeze to consider. It also blocks you from opening new lines of credit, so if you plan to take out a mortgage or apply for a new credit card you'll need to remember to unfreeze it each time. And residents of some states have to pay a fee for a freeze.

Here's more on how credit freezes work:

Q: What happens during a credit freeze?

A: New creditors won't be able to view your credit reports. That prevents new credit cards or loans from being opened since lenders look at credit reports to decide whether to offer you credit. Instead they'll see that the report is frozen. The freeze won't affect any credit cards or loans you had before the freeze was placed; those creditors will still be able to see your reports.

Q: When should I freeze my credit report?

A: It's a must if an account has been opened in your name or if you've been notified that your Social Security number was taken in a data breach. Even if identity theft hasn't struck, you still should seriously consider it, since data breaches have become so common. So far in 2015, there have been 766 data breaches at banks, government agencies and big companies, exposing more than 178 million records, according to the nonprofit Identity Theft Resource Center.

A breach of government records, for example, exposed Social Security numbers of about 26 million federal employees and their spouses.

Q: How do I freeze my credit report?

A: Contact each of the three credit reporting agencies — Equifax, Experian and TransUnion. You'll need to freeze your credit report at all three because some creditors only use one. Contact Equifax at www.freeze.equifax.com or 800-349-9960, Experian at experian.com/freeze/center.html or 888-397-3742 and TransUnion at transunion.com/securityfreeze or 888-909-8872. They'll ask you for your Social Security number, name, address and other details.

Q: How much does a credit freeze cost?

A: It depends on the state laws where you live. Fees are typically between \$3 and \$10 to freeze each credit report, and you may pay another fee to unfreeze. Freezes are free at a few states, including Indiana and Maine. Fees may also be slightly different at each credit agency. As of the date of this article, Colorado has no fee for all 3 bureaus.

Equifax has a list of fees and rules for each state at <http://bit.ly/1LUIF0P>

Q: Will the freeze hurt my credit score?

A: No.

Q: Is this different than credit monitoring?

A: Yes. Credit monitoring services, which you have to pay a monthly fee for, alerts you if a new account is opened or other suspicious activity takes place. A credit freeze is the only way to stop criminals from opening new accounts in your name. Some experts don't recommend credit monitoring because it's expensive, as much as \$20 a month. Instead, you can monitor your credit report on your own. You're entitled to get a free copy of your credit report from each of the three agencies once a year at www.annualcreditreport.com.

Q: When do I need to unfreeze my credit reports?

A: If you're applying for a mortgage or auto loan or credit card. That's because lenders check your report to see if they should lend to you. You can ask the lender what credit reporting agency they use and unfreeze that one. You can unfreeze a credit report temporarily or permanently at any time.

Q: How do I unfreeze my credit reports?

A: By contacting the credit agencies again. When you ask to freeze your credit reports you'll get a number that you will need to save. That number will be your key to unfreezing your account, so keep it in a safe place. Losing the number will delay removing the freeze.

Q: Will a freeze protect me from all identity theft?

A: No, it only stops thieves from opening new accounts. Thieves can still use your existing credit or debit cards to make fraudulent charges, so you will still need to check your statements every month. It also doesn't protect against other types of identity theft, such as taking out prescription medication in your name or filing fraudulent tax returns.