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Fewer Restrictions on 'Freezing' Credit Files

By November, consumers in all 50 states will be able to "freeze" their credit reports at the three major credit bureaus to help prevent identity theft.

Previously, Equifax, TransUnion and Experian Group generally extended this privilege only to identity-theft victims and to senior citizens as required by state law.

When you freeze, or lock, your credit file, lenders and other third parties can't access your credit report until you request that the credit bureaus "thaw," or open, it. That means you-or a potential identity thief-can't open a line of credit in your name until the credit-reporting companies get written permission from you to let third parties see your information.

TransUnion (transunion.com) will offer security freezes nationwide starting tomorrow. Equifax (Equifax.com) says it will offer freezes by the end of the month. Experian (Experian.com) announced last week that it will make freezes available to all on Nov. 1.

Consumer advocates say consumers have few options that are as effective as freezes at combating financial identity fraud.

But it's not an easy process – or an inexpensive one. To freeze a credit report, you must write to each of the three bureaus (certified mail is recommended). When your file is frozen, you are given a personal identification number (PIN), which you'll need to remove the freeze from the file. To thaw the files, you must again write to all three bureaus, and the process can take three business days or more. If you can't remember your PIN, it can take even longer.

Then there are the fees: Generally, victims of identity theft can freeze their credit reports at no charge, but non-victims on average must pay \$10 to initiate a freeze on one file and another \$10 to thaw it. (Those fees may be reduced or eliminated for residents of states that require lower freeze fees.)

Is a credit freeze right for you? If you've been a victim of identity theft, it's generally a good idea. Even if you haven't been a victim, freezing your credit files provides a powerful layer of protection against identity theft.

That said, if you know you'll be opening a line of credit in the near future, or you're changing jobs and it's likely potential employers would want access to your credit history, hold off for now. That way you can avoid the fees and hassles of having to lock and unlock your files in the near future.

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