**Hochhauser & Agler, CPAs LLP**

Certified Public Accountants

160 W. Old Country Road, Hicksville NY 11801 ⯌ (o) 516.681.8833 (f) 516.681.8826

[HACPAS@optonline.net](mailto:hacpas@optonline.net) ⯌ [HACPASNY.COM](http://WWW.HACPASNY.COM)

**In light of the recent Equifax security breach…**

A **credit freeze** (also known as a security freeze) is a **great way to proactively**[**prevent identity theft**](http://www.aarp.org/money/scams-fraud/info-2014/avoiding-identity-theft-photo.html#slide1?intcmp=AE-BL-IL-SLIDE) (going forward). It is a viable option if you have been involved in a data breach, especially one with the size and scope of the Equifax breach that affected about 145 million consumers, or if you have been impacted by reports of credit card payment breaches like those at Home Depot, Kmart and Dairy Queen, to name a few.

**Freezing your credit lends peace of mind**. No one will be able to open credit accounts in your name, which can save you the hassle and cost that comes along with having your identity stolen. If you have a mortgage in place and aren’t planning on moving in the near future, don’t need a car loan or new credit card, and don’t have an adult child who needs a co-signer, a credit freeze can be a good option for you.

**What does a credit freeze do?** A freeze locks down your credit reports that are used by lenders to determine your credit **worthiness**, **not your actual credit**. When you freeze your credit report, you are **stopping any of your personal data from being reported to lenders and creditors**. Thus, in the event that a **fraudster would try to use your Social Security number to apply for credit, the application will be rejected, as the lender would be unable to verify your credit score**. That's a good thing if a crook is trying to access your credit.

**A freeze does nothing to prevent fraud of existing accounts**, so don’t be lulled into a false sense of security. You **still need to closely monitor your current bank, credit card and other financial accounts.**

Given the severity and pervasiveness of the Equifax breach, **experts say consumers should get their ducks in a row** **first**, to gain maximum leverage from putting their credit on ice. Vigilance is key**. Regularly check your credit reports for unauthorized charges or other signs of fraud.**

You are **entitled to one free report from each of the 3 credit reporting companies yearly**. It is imperative that you actively monitor your credit by keeping a close eye (use as a checklist) throughout the year. Some things to watch for are:

* New accounts that you didn’t open
* Credit inquiries that don’t match when you applied for credit
* Balances that don’t match your statements

**When requesting these reports do so one company at a time, rather than requesting them all at once. Go to www.**[**annualcreditreport.com**](http://WWW.ANNUALCREDITREPORT.COM) **or** complete the printable [Annual Credit Report Request Form](https://www.annualcreditreport.com/manualRequestForm.action).

You also need to know **what’s at stake before you decide on a credit freeze**. Freezing your credit is the **strongest tool to prevent criminals from accessing your credit** without your consent.

**You also need to know that:**

* It will not impact your credit score or impair your ability to use your existing credit lines.
* The freeze makes your credit reports inaccessible to future lenders who need to determine your credit worthiness, not your actual credit.
* You will be able access your own records, as can pre-existing creditors or debt collectors.
* A freeze is a “go forward” measure.

On the other hand**, there are those who need to use your credit file in their decision-making process** including, but not limited to:

* Insurance companies
* Landlords
* Employers who need to do a background check
* Cell phone & utility companies

A **security freeze is only effective if you activate it with all three credit reporting agencies**; Equifax, Transunion & Experian.

* **Experian**:  888-397-3742 -or- [www.experian.com/freeze/center.html](http://www.experian.com/freeze/center.html)
* **Transunion**:  800-680-7289 -or-  [www.freeze.transunion.com](https://freeze.transunion.com/sf/securityFreeze/landingPage.jsp)
* **Equifax**:  800-525-6285 -or- [http://www.freeze.equifax.com](http://www.freeze.equifax.com/)

Each bureau will ask you to answer several questions to validate your identity, and you will be given a PIN code to use to freeze your credit. Opening store credit cards on impulse may no longer be an option. Also, freezing your credit can make it harder for you to open new credit accounts, but with some minimal advanced planning it can be done. It **might be prudent to hold off on placing a freeze if**:

* You are planning to apply for new credit cards - like store-branded plastic offering 20% off your holiday purchases.
* You are planning to take out a mortgage, car or other loan.
* Ditto if you’re planning to switch utility or cable providers, apply for a new job or shop for insurance; these businesses also check credit reports and credit scores.

Keep in mind, that should you **know in advance** that you will be applying for credit, **you have the option to lift the freeze before applying** or giving permission to check your credit

In the **event that you need to temporarily lift the freeze**, in order to open new credit cards, apply for jobs, leases, loans or a mortgage, or to switch utility or insurance providers without issue, this is **easily done using the personal identification number (PIN) or password that the credit reporting agency gives you**. To request a temporary lift you will need to contact the 3 major credit reporting agencies and your reports can be set to automatically re-freeze on a date you select. Keep in mind **that it can take up to 3 business days from the date you make the request.** See above for the links and phone numbers.

Visit [freeze-fees-in-my-state](https://help.equifax.com/s/article/What-are-the-security-freeze-fees-in-my-state)  for a state-by-state listing of credit freeze laws, fees and procedures. In most states, there is a fee whenever you ask to temporarily lift the freeze, and when or if you permanently remove it. While free in a few states, a temporary lift can cost up to $12.  **Hint**: If you’re lifting a freeze for a particular company, ask the business which bureau it will use to check your credit report; then you can lift the freeze with just that bureau, saving money.

**Other options available to you:**

**A security freeze will not keep out anyone with whom you already have an account or other business relationship**. You may still be susceptible to credit fraud. **A credit freeze won’t affect your current accounts**. So if a thief steals the information on an existing account, your credit may be used without your permission.

While a **freeze provides better protection and costs less than a credit-monitoring service**. A fraud alert is a less drastic and potentially a less effective, protective measure.  A fraud alert flags your credit reports, alerting potential lenders to verify the identity of anyone attempting to open an account in your name.  **Fraud alerts are free** and don’t interfere with your ability to receive instant credit but are temporary, and **must be reinstated every 90** days in most cases. Once you notify one of the three bureaus they will contact the remaining two.

A **freeze is effective only if it’s activated with all three credit-reporting bureaus**. Conversely, a [**fraud alert**](http://www.aarp.org/money/budgeting-saving/info-05-2011/fraud-alert-or-credit-freeze-ask-sid.html)**is always free** and needs only to be placed with just one credit reporting agency.

The credit bureaus sometimes promote their own credit lock services alongside their credit freeze options. **Locks can carry a monthly charge, but they give you a fast way to allow lenders access to your report**. As with freezing your files, locking is most effective if you sign up at all three bureaus.

**You can “opt out” of pre-screened or pre-approved credit and insurance offers** by either going to [www.optoutprescreen.com](http://www.optoutprescreen.com) or calling 888.567.8688. This option of unsolicited offers is for a **five-year period** or **permanently**. Removing your name from these offers does not impact your credit score or your ability to obtain credit. If you change your mind, you can use the same website and phone number to opt back in.

*Information compiled from the following sources: BBB, AARP, NYT, WSJ NerdWallet, Experian & USA Today*