

Freezing your credit is now free

Sarah O'Brien

CNBC, 29 July 2014

You can now add credit-report freezes to the list of best things in life that are free.

As of Friday, consumers won't have to pay a fee to credit-reporting firms when they want to use a freeze to help protect themselves from identity theft. They would, however, need to contact each of the big three bureaus — Equifax, TransUnion and Experian — to cover all their bases.

"I think this is a good partial step," said John Ulzheimer, a credit expert and president of The Ulzheimer Group in Atlanta.

"You don't want to have people paying something to protect their credit," Ulzheimer said. "But another step would be to mandate that if you freeze it at one bureau, it's a one-and-done thing so it's frozen at all three bureaus."

How to freeze your credit report for free:

- TransUnion: Visit TransUnion.com/credit-freeze. The company also has a free-freeze mobile app called myTransUnion, available at the Google Play Store and the Apple App Store.
- Equifax: Visit <https://www.Equifax.com/personal/credit-report-services/>. Or call its automated line at 800-685-1111.
- Experian: Visit www.Experian.com/freeze. Or call 1-888-EXPERIAN (1-888-397-3742).

A credit freeze essentially blocks a lender from checking your report, which means a criminal would be unable to open an account using your personal data. Once the freeze is in place, you have to "thaw" it — either temporarily or permanently — if you apply for credit or a loan so the bank can check your credit. This is free now, as well.

Eliminating the fees arose from legislation that was signed into law in May, about eight months after Equifax revealed its consumer database had been breached in a criminal cyberattack. The private data — including names, birthdates and Social Security numbers — of as many as 148 million consumers were compromised in the breach.

In the wake of Equifax's revelation last September, consumer advocates warned people to freeze their credit reports. They also decried the cost involved.

Sign Up for Our Newsletter Your Wealth

Weekly advice on managing your money

Get this delivered to your inbox, and more info about about our products and services.

By signing up for newsletters, you are agreeing to our Terms of Use and Privacy Policy.

Depending on where they lived, consumers had to shell out anywhere from \$3 to \$10 per freeze and then another fee to lift the freeze.

"Paying a fee for freezes added insult to injury because the person doing it probably had been victimized," said John Heath, directing attorney at Lexington Law in Salt Lake City. The firm helps consumers repair their credit.

While freezing your credit is a proactive way to protect against someone trying to open an account or line of credit in your name, few people do it. A recent study shows that while about 90 percent of consumers have taken steps to better protect their privacy in the last year — i.e., checking their bank statements more frequently — just 8 percent reported freezing their credit.

More from FA Playbook:

It's key to understand mental investing roadblocks

There are thousands of ways to claim Social Security

Here's how some people misuse their home equity loans

"I am 100 percent fully behind the strategy of freezing your credit reports," Ulzheimer said. "Even if you've never been a victim or don't think you ever will be, I just think it's smart to have some control over who is accessing your credit report."

Consumer advocacy group U.S. PIRG also recommends freezing your report at the National Consumer Telecom & Utilities Exchange. This is the credit-reporting firm that telecom companies (cellphone, cable, etc.) and utilities (gas, electric, etc.) use to check your creditworthiness when you want to open an account. The difference between it and the big three bureaus is that it does not include your credit score, Ulzheimer said.

The latest change to the law comes 15 years after another credit-related cost was removed for consumers. In 2003, changes made to the Fair Credit Reporting Act required the credit bureaus to provide a free copy of your report annually if you ask for it.

Meanwhile, the new law also extended short-term fraud alerts to one year, up from 90 days. These alerts are separate from freezes: Under a fraud alert, a lender seeking to approve an application must first contact you to verify the request is not from an imposter.

Additionally, you only need to contact one of the credit bureaus to initiate a fraud alert, which in turn is legally obligated to share your notice with the other two. It also

is free. However, it generally does not provide the same level of protection as a freeze.

Ulzheimer said lawmakers should consider allowing people to only contact one credit bureau for a freeze to make it effective at all three — the same as with fraud alerts — to better protect consumers.

"Freezing your report at one bureau is like locking one door of your house and leaving two others open," he said.