



The Essential Identity Theft Prevention and Detection Guide

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Introduction

In our evolving world of digital technology, fraudulent scams are becoming more rampant and aggressive than ever before. Contrary to popular belief, identity theft can happen in multiple ways beyond credit card or debit card fraud.

Criminals may steal your personal information by accessing your Social Security number, driver's license, mailing address or financial accounts. Online transactions are especially vulnerable to exposing your personal information to identity thieves. Luckily, you can protect yourself by understanding how identity theft works and learn how to prepare and protect yourself in the event of a fraud. In this short guide we'll explain:

- How common identity theft is and why you should be concerned about it
- Different types of identity theft
- How to protect your financial information
- How to identify phishing scams
- The benefits of identity theft insurance and credit monitoring services
- What to do if your credit card information is stolen or compromised

When you've finished reading, you'll be equipped with the information you need to protect yourself from identity theft. Let's get started.



I. How Concerned Should You Be About Identity Theft?

Identity theft is a serious problem. You can probably sense this even if you're unaware of the statistics involved. Identity theft can happen anywhere at any time, whether or not you use debit and credit cards. Additionally, avoiding online transactions will not eliminate your potential for identity theft. Identity theft can happen in physical ways you didn't even think of. For example, consider the following forms of identity theft below:

- **Tax Identity Theft** – This form of identity theft occurs when a criminal steals your Social Security information to create a tax return in order to receive a refund.
- **Senior Identity Theft** – Adults over the age of 65 are highly susceptible to identity theft by scammers and con artists posing as credible organizations asking for sensitive information.
- **Child Identity Theft** – Even children under the age of 18 are vulnerable to identity theft when a criminal steals their personal information. Identity thieves will typically use this information to borrow loans and incur large amounts of debt. Unfortunately, some cases of child identity theft are caused by a malicious family member.



Identity Theft Statistics

Let's start by looking at the numbers. Here are some relevant statistics about identity theft and credit card fraud.

Florida

in 2nd Place

In 2019, Florida was ranked as having the second-highest number of identity theft reports. Only Georgia ranked higher while California ranked third.

46%

increased cases

Between 2018 and 2019, reported cases of ID theft nationwide soared from 444,358 cases to 650,572.

170,255

reports

The countries with the most cases of credit card fraud are Brazil, Mexico, and the United States. Experts believe the US is in third place because of a lag in the implementation of chip technology.

In 2019, the top three types of identity theft were credit card fraud, loan or lease fraud, and phone or utilities fraud.

Credit Card Fraud

\$22.8 Billion

in Fraud

In 2016, credit card fraud totaled \$22.8 billion, an increase of 4.4% over the previous year.

33%

of Consumers

1 in 3 consumers globally have been victims of credit card fraud in the past five years.

US in 3rd Place

in Fraud Cases

Brazil, Mexico, and the United States reported the highest number of credit card fraud cases. Experts believe the US is in third place because of a lag in the implementation of chip technology.

\$10 Billion

in Losses

Credit card fraud losses are expected to reach \$10 billion in the United States alone by 2020, with most losses attributed to card-not-present fraud occurring online or on mobile devices.

Data breaches have accounted for many of the cases of credit card fraud. A data breach is the release of private information to a third party without your knowledge or consent. People in all states are at risk, but the two states whose statistics stand out are California, which had the highest number of victims, and Florida, which had the most credit card fraud per capita.

Why You Should Take Identity Theft Fraud Seriously

You understand now that identity theft fraud is a significant problem. Even with the advent of EMV chip technology, there's still a risk. You'll need to learn how to protect your card information and receipts, and what to do if your credit card or personal information is stolen.

Even if you realize you've been the victim of fraud and notify your card issuer immediately, a breach can still cause problems. You may have to deal with a months-long process of filing police reports, getting new cards, answering questions, and monitoring your credit report for problems.

The solution is to know everything you can about identity theft and take some common-sense measures to protect yourself. That's what we'll talk about in the next section.



II. 10 Tips For Preventing Identity Theft Or Fraud

In medicine, there's a saying that "an ounce of prevention is worth a pound of cure." The same is true in identity theft. By doing what you can to protect yourself against identity theft, you can greatly reduce the chances you'll be a victim. Follow these ten helpful tips to protect yourself from identity thieves.

1. Look out for shoulder surfing in public. Make sure no one is standing too close to you when you're at an ATM. Protect your pin number as you're completing a purchase at a register.
2. Credit card issuers are no longer allowed to send plastics by mail unless the consumer has applied and is aware they are approved. Safely discard expired credit cards from the mail by using a paper shredder or by manually destroying them.
3. Ignore spam emails that offer you rewards in exchange for your personal information.
4. Keep your Social Security card in a safe place. Do not share this information with any strangers over the phone or in person.



5. When traveling, keep track of your passport at all times.
6. Do not participate in suspicious giveaways on unsecured websites that require your financial information.
7. Keep your wallet safe. Do not leave your purse or wallet unattended in public spaces.
8. Be cautious of free downloadable programs from suspicious websites.
9. Make sure your mail is arriving at the correct address. You should also be cautious of people snooping or stealing your mail.
10. Create strong passwords to protect your financial accounts.

How to Protect Your Card Info, Receipts, and Credit Report

There are four key things you can do to protect your credit card information and your credit score.

#1: Be Careful Giving Out Your Card Information

The first thing you can do to prevent fraud is to apply common sense when giving out your credit card number. Never give out your card information on the phone unless you initiated the call and you know that you're speaking to a reputable company.

Likewise, don't make purchases online unless the site in question uses HTTPS encryption. Google Chrome now displays a green lock icon next to secure sites. If you don't see the lock, don't make the purchase.

#3: Follow Financial News and Breach Alerts

It's not uncommon for large retailers to be the target of cyberattacks and security breaches. If you hear that a retailer has been the victim of such a breach, don't wait for them to notify you that your information was compromised.

Instead, immediately log into your account and look for any suspicious activity. It's a good idea to change your password. Call your card holder and request a new card. If you don't want a new card, you can ask them to place a fraud alert on your account.

#2: Use Common Sense with Receipts

Never sign a blank receipt, even if it's given to you by a friend or acquaintance. If the receipt falls into the wrong hands, you could end up with a big charge you didn't authorize.

Likewise, if there's blank space above the total on a receipt, draw a line through it. You don't want to give someone dishonest an opportunity to add charges to the receipt after the fact. Whether you prefer digital or paper receipts, save them so you can compare them with your credit card statement when you get it.

#4: Always Review Your Credit Card Statement

As soon as you receive your credit card statement, compare it to your saved receipts. If you have paperless billing, log in to your account and check it there.

You should notify the card issuer immediately if you notice any suspicious or unauthorized activity. That way, you won't be liable for the charges since most credit card issuers offer zero liability for fraud. But you have a limited time to report the issue — just 30 days — so don't put off time reviewing your statement.

How to Identify Phishing Scams

Phishing scams are still common. Any time you get an email claiming to be from a financial institution, you should treat it with skepticism and use common-sense precautions.

Here are some warning signs that an email might be a phishing scam:

- Use of a different greeting than the one your financial institution usually uses – most companies will use your name, so an email that says “Dear Valued Customer” should be viewed with suspicion.
- A link that looks like it goes to your financial institution’s website but goes to a spoof site instead. Identify these by hovering your mouse over the link. Look at the lower left-hand corner of your screen to see where the link leads – and if you don’t recognize it, don’t click it.
- If you’re unsure about an email, you can always navigate to your card issuer’s site and log in the way you usually do. No legitimate company will ask you to confirm a PIN or anything else via an email.

If you do get a phishing email, make sure to report it to your email provider.

How to Choose a Credit Monitoring Service

Credit monitoring services can help you spot potential problems quickly – before they have a negative impact on your credit score. Here are some features to consider before you commit to a service.

Feature #1: Credit Report Checks

Monitoring your credit report will ensure you catch anything unexpected or unusual. You can get one free credit report from each of the credit bureaus per year, but a credit monitoring service can and should provide you with ongoing information.

Feature #2: Credit Applications

If someone has stolen your identity, the first indication of the theft may be an application for credit in your name. Many credit monitoring services track credit applications and will notify you when a new application is made in your name. That way, you can act immediately to protect your identity if there's a problem. Not all monitoring services offer this protection, so make sure to ask.

Feature #3: Cost

Credit monitoring services aren't free. At the low end of the scale, you can expect to pay \$10 or \$15 per month for protection. Some services may charge significantly more than that. If you add family members or additional services, you may pay as much as \$25 per month. That's \$400 per year – not an insignificant amount of money. Some credit card issuers offer free protection as part of the card's benefit package.

Feature #4: Customizable Alerts

Many companies allow clients to customize alerts and notifications – a good way to be confident that you're getting the information you need. Here are some examples of notifications you might want to get:

- Purchases over a certain dollar amount
- Purchases made online
- Purchases made overseas
- New credit applications in your name
- Changes in your credit score
- Public filings (these include tax liens and judgments)

Ideally, you'll be able to pick the notifications you want. That way, you'll be notified of anything unusual, so you can take the measures necessary to protect yourself.

Feature #5: Coverage Limits

Some credit monitoring services offer reimbursement for costs associated with identity theft and credit card fraud. For example, some may provide up to a million dollars in reimbursement, making the coverage a form of insurance, as well.

However, most credit card companies today offer zero-liability fraud protection if you report the charges within 30 days. By law, your liability is limited to \$50 for card-present fraud. If your card number is stolen but not the physical card, the Fair Credit Billing Act releases you of any liability.

What Credit Monitoring Services Can't Do

Credit monitoring services offer some protection and the peace of mind of knowing you'll be notified of unusual activity, but they can't do any of these things:



Prevent thieves from stealing your credit card information – you'll only find out after they try to use your card.



Prevent people from sending you fraudulent (phishing) emails or prevent you from opening them.



Correct mistakes on your credit report.



Prevent someone from applying for credit in your name.



Restore your identity after it's been stolen.



Monitor your statements for fraudulent transactions. Only you can do that.

You'll need to weigh the potential benefits against the costs to decide whether you want to pay a monitoring service.

Should You Buy Identity Theft Insurance?

Identity theft insurance is a type of insurance that reimburses victims of identity theft for costs associated with the crime. Some of the expenses that may be covered include phone bills, lost wages, notary services, certified mailing costs, and legal fees. Some companies provide their clients with a restoration service, which will help you walk through the process of recovering your identity.

Some companies that sell homeowner's or renter's insurance include a provision to replace lost cash or credit cards. However, the coverage is generally capped. The standard is \$200 in cash and \$50 for credit cards. That's not a lot of protection.

There's also a chance you may be able to add an identity theft rider to an existing policy that doesn't have one. You'll have to check with your insurance company to find out if they can do that. The good news is that these riders aren't very expensive. A standard price for one would be \$25 or \$50 on top of your existing premium.



Advantages	Disadvantages
<p>Identity theft insurance may provide you with some peace of mind when you use your credit card.</p>	<p>Identity theft insurance usually offers only limited coverage. It's rare to find a policy that will cover legal expenses, for example, and you may have to pay a higher premium to get the kind of coverage you want.</p>
<p>This is not expensive insurance, so you won't have to spend much to get the coverage you want</p>	<p>Buying identity theft insurance only helps you after the fact. In this way, it differs from a credit monitoring service, which will track your spending for unusual charges and notify you when they occur.</p>
<p>Given how many places we use our credit cards – in person and online – there are many opportunities for criminals to try to steal your identity. Insurance can offer you some protection.</p>	<p>Your credit card issuer will have protections in place to ensure you don't end up on the hook for charges made by somebody else.</p>
<p>If you're nervous about navigating the aftermath of an identity theft, having a policy that offers a restoration service may be worth the money.</p>	<p>A policy without a restoration service won't help you do what you need to do to restore your credit. You'll need to handle that aspect of recovery on your own.</p>

The takeaway here is that in most cases, identity theft insurance offers only limited protection.

The question is this: should you buy identity theft insurance?

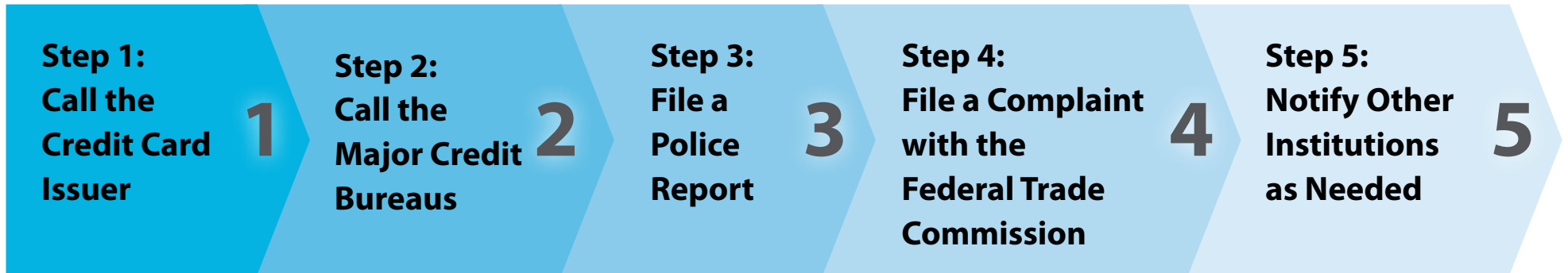
Most identity theft insurance policies offer very limited protection, but they are reasonably priced. If you think you would feel better having some protection in place, then buying insurance may help provide it.

A policy that covers legal fees and offers a restoration service would give you the most protection. You may have to shop around a bit to find one that offers both, and the premiums may be a bit higher than they would for a less inclusive policy. But, if you're worried about identity theft and want the protection, then it may be worth it.



III. What To Do If Your Information Is Stolen

Even if you're very careful with your credit card, there's still a chance that you could be a victim of credit card fraud. If you are, it's important to act quickly. Notifying the proper people will limit your liability and make it easier for you to get things back to normal. Here's what you should do.



Nobody wants to be a victim of credit card fraud. But, if it happens to you, following these five steps can help you minimize the damage to your finances and credit.

IDENTITY THEFT COMPLAINT FORM

Have you received a Security Breach notice? Yes No

If so, please list the name and address of the company:

Have you contacted your financial institutions? (Banks, credit card companies, etc.) Yes No

Have you filed a police report? Yes No Date Filed: _____

If so, please list name, address and telephone number of the Police Department and the Police Report Number:

Have you placed a Fraud Alert on your credit report? Yes No Date Filed: _____

Which Credit Reporting Agency did you contact? Please Circle: TransUnion Equifax Experian

Have you placed a Credit Freeze on your credit report? Yes No Date Filed: _____

Which Credit Reporting Agency(s) did you contact? Please Circle: TransUnion Equifax Experian

Do you know the name of the person who stole your identity? Yes No

If so, please list their name, address and telephone number:

Call the Credit Card Issuer

The first step you should take to report credit card fraud is a phone call to the financial institution that issued your credit card. Alerting them will allow them to place your credit on hold.

The usual procedure is that once you notify the card issuer that the card has been compromised, they'll lock the account. They'll walk you through recent charges, so you can identify those that are fraudulent. Then, they'll notify the merchants involved and reverse the charges.

Most credit card issuers reimburse the entire loss from credit card fraud. Check with your card issuer to learn about their policy. Make sure to keep the contact number (which you can find on the back of the card) in a safe place separate from your card. Keeping a copy of the front and back of your card is a simple solution.



Call the Major Credit Bureaus

The next step is to call one of the three major credit bureaus and ask them to place a fraud alert on your account. This step is essential because it will prevent the thief from applying for new accounts using your identity.



Keep in mind that you are only required to call one of these three bureaus. By law, any bureau you contact is required to contact the other two within 24 hours. You may want to call all three, but that's up to you.

In addition to a fraud alert, you may want to ask the credit bureaus to freeze your report. That's a more restrictive option that could affect your ability to apply for credit. However, you may want the peace of mind of knowing that your credit score won't be affected by the breach. You may have to pay a small fee, but it's usually free if you can prove you've been a victim of identity theft.

File a Police Report

Even if you suspect that your credit card information was stolen online – through a phishing attack or data breach – you should still go make a police report with the local police.

The written report you file serves as a record of the crime. The police should give you a copy for your records. You may need it to file claims and restore your identity, so don't skip this step.

Keep in mind that you can call the police first, but unless there is a crime scene to investigate – for example, if a thief broke into your apartment and stole your wallet – it's unlikely they'll come to you. We recommend visiting the station or filing a report online.

You should also contact the IRS as well. Many criminals who specialize in identity theft will file a bogus tax return in your name, using your information. They use fake numbers and information and file electronically for a big refund. The IRS will work with you to avoid this issue. You'll use a PIN (personal identification number) to file your taxes each year.



File a Complaint with the Federal Trade Commission

The fourth way to report credit card fraud is to file an online complaint with the Federal Trade Commission (FTC) so they're aware of the crime.

The FTC is responsible for handling complaints from victims of identity theft. They can provide you with valuable information. They also refer complaints to the credit agencies and law enforcement; and, if needed, they can refer you to other government agencies as needed. You can file your online complaint [here](#).



Notify Other Institutions as Needed

The final thing you should do is notify any other financial institutions if you feel that it's necessary to do so. For example, if your identity has been stolen, you may need to:

- Close your bank account and open a new one
- Get a new driver's license or ID
- Notify other creditors to put a fraud alert on your account
- In cases of identity theft, notify the Social Security Administration

Taking these steps provides you with the maximum protection going forward. Keep in mind that you may need to provide these institutions with a copy of your police report and other information as needed.

Conclusion

Thank you for reading our guide on detecting and preventing identity theft. While we certainly hope you'll never be a victim of identity theft, we also believe the best offense is a good defense. The information in this guide can help protect yourself – and your credit score – if your personal information is stolen.

At Addition Financial, we offer credit cards that use encrypted technology (more commonly known as chip cards). Because these cards transmit only encrypted information, they offer protection against identity theft. The only information stored is transaction-specific – so even if a thief got your information, it would be flagged as fraud and you would not be liable.

Our credit cards are also contactless, which means you don't have to insert the card at any payment terminal. You simply wave it over the terminal and a chip that is embedded in the card will transmit your encrypted card information. It's one more way we're protecting card holders from theft and fraud.

Want more helpful tips for protecting your identity against theft and fraud? Visit our resource center at resources.additionfi.com where you'll find this information and dozens of other blogs covering a wide variety of financial topics.

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