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Money-saving monitors

At \$10 a month, credit-watch services help thwart ID theft

By MarketWatch

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LOS ANGELES (MarketWatch) -- Fast-forward 10 years and you may find checking your credit report is as common and easy as checking your bank balance online.

If you're like most Americans, you're getting a crash course on the importance and delicate nature of your credit. A string of recent security breaches, including the MasterCard fiasco involving information on some 40 million customers, makes you wonder how safe your information is, and how to best monitor your credit for fraud.

According to one study, an identity is stolen in this country every 79 seconds, on average.

The impact of credit fraud or identity theft can be devastating. For the fifth year in a row in 2004, identity theft topped the list of reported scams in the U.S., accounting for 39% of the 635,173 consumer-fraud complaints filed with the Federal Trade Commission.

The average victim spends 175 hours over a 12-month period and pays an average of \$800 to clean up tainted credit records. Possibly the most disturbing fact is the finding that it is legitimate users of your financial information who are most likely to steal it.

The result is there is now a throng of companies trying to sell credit monitoring services. Most of these services include some combination of access to your credit report, proactive e-mails or notification of activity on your account, assistance with cleaning up your credit report and even insurance against losses due to identity theft.

Credit monitoring has now become big business -- a \$2.5 billion industry, according to a recent Harris Interactive poll. The top credit-monitoring services are those which include monitoring of all three credit bureaus, provide proactive notification of unusual activity on your account (preferably within 24 hours) and can be purchased for less than \$100 per year.

Identity Guard offers one of the most comprehensive packages available, and one of the most expensive. It includes daily monitoring and a quarterly update of all three credit agencies as well as \$20,000 of identity-theft insurance. [Visit the Web site.](#)

Other common packages -- such as those from TrueCredit (offered by TransUnion), www.myfico.com and each of the individual credit reporting agencies -- may suffer from weaknesses that include focusing only on one credit-reporting agency and/or use a non-FICO credit score.

The issue of the single reporting agency is somewhat surprising given that for some time now most security experts have advocated getting a copy of your credit report from all three agencies -- TransUnion, Experian and Equifax -- at least once per year. In addition, your FICO

score (created by Fair Isaac & Co.) is the industry standard, but still very few credit-monitoring services use that score.

Should you use a service?

Not everyone believes credit-monitoring is necessary. Jay Foley of the Identity Theft Resource Center believes the credit-reporting agencies still have work to do in putting together a package of services.

Foley believes the cost of purchasing a copy of your own credit report a la carte could be a better value. Consumers can simply visit each reporting agency's Web site and order a copy of their credit report -- usually for \$8 to \$10 each. However, the downside to this plan is that to equal the services of most credit-monitoring services, consumers would have to purchase all three reports four times per year.

How to get a free copy of your credit report

In part due to the secrecy that long surrounded the credit industry, Congress last year passed a law allowing every American to get a copy of their credit report at no cost. Consumers can get access at www.AnnualCreditReport.com or by calling 877-322-8228. [Go to the credit report site.](#)

In addition, there are other ways to get a free copy of your credit report. You are also entitled to a free copy if:

- You live in Colorado, Georgia, Maine, Maryland, Massachusetts, New Jersey or Vermont
- A person has taken an adverse action against you because of information in your credit report
- You are the victim of identity theft and have placed a fraud alert in your file
- You believe your file contains inaccurate information as a result of a fraud
- You are on public assistance
- You are unemployed and expect to file for unemployment within 60 days

Banks get in on the action

As further evidence of the blossoming industry, banks are now aggressively marketing their own credit-monitoring services. Among the most comprehensive packages is that of Washington Mutual, which includes a copy of the customer's credit report with information compiled from the three main bureaus, along with monitoring of the customer's credit files at the three bureaus, and daily notifications of any changes in their report -- for \$10 per month.

Others, such as U.S. Bank, are angling for a wider audience by including similar services but also adding access to Social Security records and data from the Medical Information Bureau for a package price of \$9.99 per month.

Remember, outside inquiries into your credit report can have a small negative impact on your credit score under the theory that inquiries mean you are searching for additional lines of credit. Using a credit-monitoring service, on the other hand, will not affect your score.

Given that 70% of credit reports have errors of some kind, according to the Public Interest Group Research, you would be wise to take some form of action, whether you decide to pull your credit reports a la carte once per year or sign up for a credit-monitoring service.

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