

Identity theft: victim support

National Consumer Council blueprint for action

Identity theft is a fast growing consumer problem – and reckoned to be the UK's fastest growing crime. Celebrity ID theft regularly hits the headlines, as do high-profile internet scams. But ID theft can happen to anyone. And, when it happens, the burden is on the victims to sort out the mess caused by the fraudsters, often with little help from industry or the powers that be.

In a landmark study the National Consumer Council puts a human face on the misery of ID theft – illustrating how victims get caught in a web of bureaucracy and how they are all too often made to feel like criminals.

The NCC's key recommendations:

- **One-stop-shop ID Theft Support Centre so consumers can report crime, confident that their problem would be sorted out with all the relevant companies and organisations. The centre should be funded by business and provide essential services such as free credit reports and fraud alert services.**
- **Industry good practice guidelines to help victims of fraud to clear their name and sort out their credit record.**
- **Notification to consumers by business when there has been unauthorised access to their personal data.**

Victim's stories

Identity theft happens when an individual or a gang uses key pieces of someone's personal information, without their knowledge or consent for criminal purposes – for example, to hijack existing accounts, apply for credit, buy goods and services or open new accounts. Government estimates put the loss to the UK economy at £1.7 billion and the number of victims at over 100,000 every year.

So what does that mean for the people affected? The Banking Code ensures that consumers are not liable for the money lost through fraud, provided they have not been negligent. So at its least harmful ID theft can be inconvenient and annoying. For example, if the thief only uses an existing credit card account and the fraud is discovered quickly, it can be sorted out easily. At the other, most harmful extreme, ID theft can have long-term and devastating consequences. This can happen when the criminal opens several new accounts across the country, or buys expensive goods like cars or computers, or runs up huge utility bills. Even more devastating, it can happen in the name of a dead relative, even a child.

Victims or relatives find themselves very much on their own, often with little support, having to deal separately with each company concerned to prove the deception and bearing all the costs of putting things right.

Victims of ID theft have reported spending months clearing their names, being hassled by debt collectors, blacklisted for new credit, and experiencing sleepless nights and health problems caused by stress.

All this, and more, happened to the victims interviewed following the National Consumer Council's nationwide appeal in early March 2006. And recent quantitative research by CIFAS (Credit Industry Fraud Advisory Scheme) the UK industry's fraud prevention service dedicated to prevention of financial crime, confirms their stories are just the tip of the iceberg.

Out of the blue

- **Elsa, from Stratford-upon-Avon, was called by a debt-collection agency, asking her to repay £4,387 owed on her credit card. Elsa has never had a credit card and the date of birth quoted was wrong. She continued to be harassed, by letter and phone. She went to the police but they just said it was a civil matter and would not give her a crime reference number. Eventually she was referred to CIFAS and advised to get her credit record and put protective registration on it [protective registration ensures that CIFAS member companies carry out extra checks whenever anyone applies for financial services in that person's name]. Her credit record revealed a long list of fraudulent activity. Three months later she is still dealing with the debt collector.**
- **Jim, from Hertfordshire, applied to extend his credit card limit but was told he couldn't because he had money owing on other cards. He contacted Experian for a credit report and found out several cards had been taken out in his name. That was two years ago. It's taken since then to untangle the mess and clear his record. He found the whole experience very distressing and the credit card companies were often obstructive and rude.**
- **Carol from Bradford, received a mobile phone bill for £500 for two different mobile phone numbers. She has never had a mobile phone; she pointed out to the phone operator that it had the wrong middle name, wrong date of birth and that she never signed a contract. But it took four months to sort things out, and she still cannot get credit.**

The cost of protection

Although not liable for the sums of money defrauded from companies, victims' financial loss is measured through loss of time, costs of postage, telephone calls, petrol or replacing documentation. In the worst cases, financial loss can amount to hundreds of pounds. Victims of ID theft can find it impossible to get credit, open accounts with utilities such as gas or electricity, or buy other goods and services until their credit record is cleared. ID theft also takes a heavy toll emotionally – victims often feel worried, stressed and anxious.

As essential investigation and further protection measures, victims are advised to get a copy of their credit file from all three credit bureaux (Experian, CallCredit and Equifax), for £2 each. These will reveal all the credit applications made in their name. They are also advised to apply for protective registration with CIFAS, for £11.75, which ensures that CIFAS member companies carry out extra checks whenever anyone applies for financial services in that person's name. Credit bureaux, and others, also market extra services, such as instant online access to credit files and email alerts (at up to £7.50 per month). CIFAS has found that rectifying cases of identity theft took victims anything between making one phone call and six months.

CIFAS Research

CIFAS recently commissioned research on the impact of identity theft on victims, carried out by Perpetuity Research and Consultancy International (PRCI) Ltd.

Some of the report's key findings include:

- Everyone is potentially vulnerable to identity theft.
- Victims' details were most likely to be used to apply for a store card (56 per cent), credit card (43 per cent) and mobile phone account (35 per cent) and over three quarters of victims have experienced more than one offence against them.
- Half (51 per cent) of the respondents did not know how their documents were obtained.
- On discovering they had been a victim, most initially reported their suspicions to their service provider; in addition over half informed the police and a third contacted CIFAS.
- About half of the victims said that their experience had a significant impact on their stress and health levels, and slightly more claimed that it caused them major inconvenience.

Out of the blue

- **Pete, from Sheffield, was burgled and had a debit card stolen. The bank was very helpful and cancelled the card immediately. However, he started getting bills from mobile phone companies. Sorting all these, by letter, took a lot of time and effort; he was not referred to CIFAS or advised to check his credit records until very late in the day. He felt depressed and hassled.**
- **Jenny, from Manchester, had £8,000 withdrawn from her phone banking account by a man – he rang the bank withdrawing money 22 times in one day without the bank becoming suspicious. Investigations eventually revealed her details, along with many other people's, were obtained through another company's call centre insider fraud. But the police were not interested in her case and not helpful. The bank's fraud department was very slow. In short she 'was passed from pillar to post' and was still mopping up the mess four weeks later.**
- **Susan was ill and moved into sheltered accommodation. Then she got a bill for £430 from her old mail order company on goods she had not ordered. While she was ill, her daughter settled her affairs and redirected her mail, but a catalogue arrived by courier at her old address with her account number. The new tenant was signing her name and taking the goods. The police gave Susan a crime reference number, but said it was up to the mail order company to prosecute. The company, a very large one, would not take action. To add insult to injury, she started getting demands for payment from other mail order catalogues. This is still going on – nobody advised her to get her credit record, or to report to CIFAS. She hopes somebody can take the case off her shoulders.**

The (non) support system

Most of the victims we interviewed went to the police or to the relevant service provider when they found out their identity had been stolen. The advice and support they got was inconsistent across companies and police forces, ranging from good to appalling. Particularly traumatic was the experience of victims who had to deal with more than one company, each with a different method of dealing with the problem. The police came in for a lot of criticism, too, often refusing even to give the victim a crime reference number.

Industry support – from pillar to post

The NCC polled 46 companies providing consumer services – high street banks and credit card companies, mobile phone, loan and utility companies, asking what support they give to victims of identity theft, and what security measures they have in place to make sure customers are genuine. Despite chasing, only three companies bothered to answer our questionnaire – and one stated the information was confidential. Little advice or information can be found on the companies' websites, and it is buried deep in their terms and conditions; a few are prominently promoting identity theft protection, either as a free extra for their product or at a price (£50 to £70 per year).

It is small wonder then that various companies came in for strong criticisms from our interviewees. People also need to know their rights under data protection law – in particular, consumers should know that they can demand details of credit and accounts applications made in their name from companies, and have the right to correct wrong information.

A consumer agenda

When we asked how they would like to see industry improve its service to victims, the most typical responses included: being able to deal with just one person in each company; more sympathy and understanding; being kept informed; prominent advice and clear 'to-do' check-lists when first approached; and, ideally, consistency across the industry.

As Juliette summed up: 'If you are a victim of crime you call 999; if you need an ambulance you call 999; it would make things so much easier to ring just one number for this too. I made over 150 phone calls... a central number saying right, these are the stages you need to follow would make life so much easier.'

These demands by victims in the NCC's qualitative research match closely those of ID theft victims surveyed by CIFAS.

Out of the blue

- **Juliette, from London, applied for a mobile phone and was turned down; the same happened when she applied for a credit card. Her credit file showed car loan, computer loan, two credit cards, and accounts opened for gas, water, electricity, internet providers and satellite TV. Altogether, thousands of pounds worth of transactions. The fraudsters had used an address she'd moved from two years before, and the root cause seems to have been a pre-approved junk-mail credit card application form. The police gave her a crime reference number; advice came from colleagues and friends; some companies were helpful, others were appalling – five months later she is still dealing with a county court case brought by one of the utility companies. 'In the meantime my life has completely stopped financially: I've been turned down for a mortgage, cannot get credit and still use prepaid mobile phone cards. I think I had to deal with eight companies, and make over 150 phone calls.'**
- **Margaret moved from Manchester, but her sister lived next door to her old flat. One day she took a parcel from a mail order company for her new neighbour and discovered it was in her sister's name. This was how Margaret learned she was a victim of identity theft. When she got her credit record she discovered a new credit card account in her name and a pending court case in Northampton for non-payment. 'Each time I found out [another fraud] I went back and reported at the police station because I was worried on how it would affect me.' She still does not know whether the tenant in her old flat has been prosecuted. And nobody gave her support or advice, just one of the companies advised her to get her credit record from one of the credit bureaux.**

The powers that be

Many of the victims we interviewed went to the police for help, and had a very variable response. Several were caught in a Catch 22 situation, advised by the companies to get a crime reference number to prove their innocence, but refused one by the police because they were not considered to be victims. As Margaret commented: 'She [the police woman] said there's nothing you can do because you didn't actually lose anything yourself.'

Identity theft is not a crime in itself under UK law, unlike in the USA. The new Fraud Bill 2005, which comes into force this year, will cover most cases involving identity theft, closing important gaps in the current legislation, for example 'cyber' identity theft, via the internet or telephone. The Identity Cards Act 2006 (section 25) will outlaw stealing or falsifying physical documents, such as driving licences or passports.

However, consumers have more rights under US legislation. For example, financial companies must notify victims of any security breaches on their databases; consumers can ask for free fraud alerts on their credit records; they can get their credit files for free once a year from the credit agencies; and they can block the information related to identity theft on their credit file. Some of these services are available to UK consumers, but they have to pay for them; and credit agencies and other companies market the others as increased protection with costs attached.

Despite improved legislation, the problems of enforcement and effective support to victims are unlikely to go away without government action. The Fraud Advisory Panel said: 'There is no secret about the overall police response to fraud: it's under-resourced, patchy and – some

beacons of good practice notwithstanding – sometimes deeply inadequate'.

The National Consumer Council spoke to one of the country's few police forces that has teams dedicated to fraud; one of them deals with identity theft, though by necessity it has to prioritise organised crime. The police recognised that the needs of individual victims may well be overlooked and there is a need for greater clarity on providing crime reference numbers. There are particular difficulties when there is no co-operation from the defrauded business and when different police forces need to work across boundaries – for example, if the victim, the criminal and the defrauded business are all in different parts of the country.

Stealing of a memory and good name

One of the most harrowing examples is when a dead person's identity is stolen. According to CIFAS this is Britain's fastest growing identity theft crime, with 70,000 families experiencing it.

Mrs L explains, 'My mum died of cancer. We closed her affairs and arranged for mail re-direction. Within a few months we started to get letters from department stores, credit card companies and debt collection agencies, saying that mum had taken out credit cards, store cards and had failed to make repayments. I contacted each group and explained that my mum was dead, could not have taken out the debt and the people now living in my mum's old house must have stolen her identity. I was surprised at their reactions – from a complete lack of interest to total suspicion about who I was.

'I was very angry. Mum hadn't been well off, and had worked very hard to not get into debt, never taking out loans or credit cards and always paying her bills. I felt her reputation and her memory were being tarnished. I went to the police. To my absolute surprise, the police were not at all interested. They just told me I was not the person losing any money and to go home and forget about it! And so, for the last two years this has continued – only this week I've had another bill. My mum's name is still being used.'

Neither the police nor any of the companies advised Mrs L of her rights as an executor and relative to ask for her mother's credit record. They didn't tell her about basic steps she could take to prevent ID theft and she had never heard of CIFAS until she told us about her case.

'What checks do all these companies make before giving people money?' asks Mrs L 'and why are they not interested in knowing that a fraud is taking place?'

National Consumer Council blueprint for action

Too often, innocent victims of ID theft are made to feel like criminals, caught in a nightmare struggle to prove their identity. Increased consumer awareness will not result in better detection, enforcement or fraud victim support unless positive measures are taken by both businesses and government.

Business

To date, victims of ID theft have been left alone to untangle the web of deceit. Business must dedicate time and resources to help consumers put things right – or face calls for stronger consumer protection legislation. The NCC calls on business to set up and finance a national ID Theft Support Centre, similar to the service in the USA – the Identity Theft Assistance Centre.

The ID Theft Support Centre would:

- help victims prove their identity;
- help victims get and understand their credit report;
- take the necessary steps to prevent further fraud;
- contact all the relevant service providers on victims' behalf;
- keep victims informed of progress; and
- have an ongoing consumer education role.

There are elements of such a service, but they aren't provided under one roof and come at a cost to consumers. Setting up a one-stop-shop would cost a fraction of the billions lost by industry to ID fraud.

While the centre is set up, companies that deal with consumer accounts should follow good practice guidelines to help

fraud victims. These guidelines should include:

- a dedicated, easy access victim support line in each company, with a caseworker for each victim;
- a standard referral and action advice system for victims when the company is the first port of call;
- specialist training for caseworkers to ensure the right advice is given;
- a commitment to treating relatives and executors of people who have died and whose identity has been stolen in the same way as other victims;
- clear information and regular updates; and
- speedy resolution of each case.

Business must make it easier for consumers to take preventive action:

- Business should take steps to ensure consumers are notified after unauthorised access to their personal data, as with California's Security Breach Notification Act. If these steps aren't in place within a year, government should introduce consumer protection legislation to make it happen.
- Credit agencies should make free credit reports and fraud alerts available to ID theft victims, with consumers having at least one free credit report each year as an early alert and fraud prevention

measure – as they do in the US. The agencies should share fraud alert information between them.

Government

Government initiatives have been directed at changing consumer, rather than corporate, behaviour, through awareness-raising such as the *Don't Become a Victim* campaign.

We welcome the ongoing inquiry by the All Party Group on ID Fraud and the government's Fraud Review. Its interim report commented on the establishment of a national fraud strategy – something the NCC would welcome. However, more attention needs to be given to victims:

- The Home Office ID Fraud Steering Committee should monitor industry progress on alerting consumers when their personal data has been violated. If these measures aren't brought in, government should introduce new consumer protection legislation.
- The Home Office should ensure police forces provide ID theft victims with a crime reference number – essential for consumers when they're dealing with companies to clear their name.
- The Home Office should boost consumer awareness of their rights under data protection law as part of its *Don't become a victim* campaign.