



IS THE GOVERNMENT DOING ANYTHING TO PROTECT YOU FROM IDENTITY THEFT?

The Federal Trade Commission (FTC) and the federal financial institution regulatory agencies have sent to the Federal Register for publication final rules on identity theft “red flags” and address discrepancies. The final rules implement sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003.

According to a report of the President’s Identity Theft Task Force, identity theft (a fraud attempted or committed using identifying information of another person without authority), results in billions of dollars in losses each year to individuals and businesses.

The final rules require each financial institution and creditor that holds any consumer account, or other account for which there is a reasonably foreseeable risk of identity theft, to develop and implement an Identity Theft Prevention Program for combating identity theft in connection with new and existing accounts. The Program must include reasonable policies and procedures for detecting, preventing, and mitigating identity theft and enable a financial institution or creditor to:

Identify relevant patterns, practices, and specific forms of activity that are “red flags” signaling possible identity theft and incorporate those red flags into the Program;

Detect red flags that have been incorporated into the Program;

Respond appropriately to any red flags that are detected to prevent and mitigate identity theft; and

Ensure the Program is updated periodically to reflect changes in risks from identity theft.

The agencies also issued guidelines to assist financial institutions and creditors in developing and implementing a Program, including a supplement that provides examples of red flags.

The final rules also require credit and debit card issuers to develop policies and procedures to assess the validity of a request for a change of address that is followed closely by a request for an additional or replacement card. In addition, the final rules require users of consumer reports to develop reasonable policies and procedures to apply when they receive a notice of address discrepancy from a consumer reporting agency.

The final rule-making is issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. The final rules are effective on January 1, 2008. Covered financial institutions and creditors must comply with the rules by November 1, 2008.

The government is doing its best to combat identity theft. Keeping one step ahead of the thieves by checking your free credit report will ensure that no one has stolen your identity. The government is doing what it can, but you are the first line of identity theft defense.

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