

# Couple learn how hard it is to clean up ID theft mess

(Bakersfield Californian, The (KRT) Via Acquire Media News Edge) May 9, 2008 –

Norma Armstrong usually keeps a close watch on family finances, but she's been distracted. In the middle of recovering from cancer surgery, her husband, Tom, also was diagnosed with cancer. It turned out to be wrong, but they dodged one bullet only to be pierced by another.

When Norma, 62, went to pay bills, she noticed her husband's checking and savings accounts were abnormally low.

"She kept asking me what I was spending all that money on," said Tom, 63. "I thought she had spent it."

Eventually the southwest Bakersfield couple learned an identity thief had stolen at least \$21,500 between March and April, when they discovered and reported the fraud.

Then the Armstrongs made another startling discovery. There are myriad rules that govern a bank's duty to a consumer whose identity has been stolen, and the rules differ depending on a wide array of factors, including the type of fraud and when it is reported. All of that affects when -- or whether -- a victim of identity theft will be extended so-called "provisional credit," the banking industry's term for money to get by on during an investigation.

Last month, Washington Mutual Bank told the Armstrongs they would not get provisional credit.

"We asked them if they would at least give us half of the money, and then give us the rest after they finished looking into everything," Norma said. "They told us no, there was identity theft happening all the time and there wasn't enough money to help everybody, and we would just have to wait."

It can take weeks, or in extreme cases, years, to sort out identity theft. The rules for making theft victims whole are so confusing that even banks don't always understand their obligations.

It wasn't until this week, after a call from a reporter, that WaMu restored funds to Tom's accounts. The length of time it took to assist the Armstrongs isn't typical, said WaMu spokesman Gary Kishner.

"If the customer reports the crime within a reasonable amount of time, and by reasonable I mean 30 to 60 days, we usually extend provisional credit," he said.

## WHO CAN HELP

Identity theft cleanup is so murky that some victims end up outsourcing it. You can subscribe to services that will alert you if anyone pulls your credit report, and even buy insurance to cover the

work of sifting through fraud.

Candace Davenport, a certified identity theft risk management specialist in San Francisco, sells a so-called identity theft shield plan for \$12.95 a month, more when bundled with prepaid legal services. It's a small price to pay, she insisted, when you consider the average victim spends \$1,200 to clear his or her name.

"So much depends on what was charged on what card, and every bank has a different policy, so any solutions will be frustrating, time consuming and potentially expensive," Davenport said.

But Slade Dukes, an elder consumer protection fellow at the Center for Excellence in Elder Law at Stetson University College of Law in Gulfport, Fla., said there's nothing the services will do for you that you can't do for yourself -- if you're willing to spend the time.

His advice: keep detailed documentation on all your contacts with law enforcement and creditors.

## THE CLOCK IS TICKING

Under Federal Reserve System regulations, when an ATM or debit card is lost or stolen, consumers who report the card missing within two business days are liable for no more than \$50. Reporting after that leaves you on the hook for up to \$500.

--If a thief uses your account number to shop: You must report the fraud to both law enforcement and the bank within 60 days of the issuing of a statement on which the disputed transactions appear. The same rule applies to other electronic fund transfers such as direct deposit or transactions initiated by phone or online.

--The bank has 10 days to investigate an allegation of fraud without restoring missing funds. If the investigation takes longer, banks are supposed to extend provisional credit.

It's provisional because the consumer could be liable if the investigation concludes the account holder actually was in cahoots with the thief, or voluntarily gave a card to someone who used it inappropriately. These provisional credit rules don't apply to wire transfers or electronic trading of stocks and commodities. They also don't cover paper checks, or an identity thief posing as someone else and withdrawing funds in person.

--If you shop online: It's better to use a credit card than a debit card. Under Fed rules, consumers are liable for the first \$50 of unauthorized credit card charges if the fraud is reported fast, but most banks have opted to eat that.

## NOTIFY CREDITORS, GOVERNMENT

The Federal Trade Commission can walk you through the steps to clean up the mess.

As you close accounts, be sure to also call at least one of the nation's three major credit bureaus,

which distribute consumer credit ratings. Most issuers of credit subscribe to either Experian in Costa Mesa, Calif.; Equifax in Atlanta; or TransUnion in Chicago. A fraud alert filed with one goes to the others.

If your identity has been usurped beyond one card or transaction, tell government agencies, such as the Social Security Administration and the Department of Motor Vehicles.

The Armstrongs have done all that. They estimate they've spent at least 40 hours talking to various officials since discovering Tom's bank accounts were drained to \$2.64 in checking and 64 cents in savings.

The bank statements don't give vendor names, for the most part. They're just pages of addresses the Armstrongs don't recognize. One of the few they could identify was a Chevron, where someone spent \$2,517 on a single day.

"It's just been a nightmare," Norma said. "It's overwhelming."

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