



Consumer Federation of America

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CFA REPORT: HOW IDENTITY THEFT SERVICES MEASURE UP TO BEST PRACTICES

*Less Hype, More Clearly Presented Information About What ID Theft Services
Actually Offer is Needed*

Washington, D.C. – Today Consumer Federation of America (CFA) is releasing *Best Practices for Identity Theft Services: How Are Services Measuring Up?*, which analyzes how well identity theft services are providing key information to prospective customers. The study is based on CFA's [Best Practices for Identity Theft Services](#), voluntary guidelines that CFA developed with the help of identity theft service providers and consumer advocates. Released last year, the best practices resulted from CFA's first [study](#) of identity theft services in 2009, which raised concerns about misleading claims about the ability to protect consumers from identity theft, lack of clear information, and other troublesome practices.

The new report examined the websites of 20 identity theft services and also looked at Internet complaints about identity theft services. "We found that most of the services' websites did a fair job of complying with the best practices but there is need for improvement," said Susan Grant, CFA's Director of Consumer Protection, who led the project.

The CFA study focused on the how the services did in these categories:

- Don't misrepresent protection
- Provide clear information about how they protect/help consumers
- Use statistics accurately
- Don't misrepresent risk or harm of identity theft
- Provide basic company information
- Clearly disclose refund and cancelation policies
- Provide a clear privacy policy
- Provide clear, complete cost information
- Don't request consumers' free credit reports
- Clearly describe fraud assistance
- Clearly describe insurance and guarantees

"Now that we have examined identity theft services' websites through the lens of these best practices, we've identified improvements that identity theft services need to make to meet the goals they set," said Ms. Grant.

What CFA found:

- **Some of the hype goes over the line.** Statements such as “stop fraud before it starts,” “stop identity theft in its tracks,” and “prevent identity theft” imply that identity theft services can do more than they really can. While these services may alert consumers about possible identity theft quicker than they would discover it themselves, they can’t prevent consumers’ personal information from being stolen or detect identity theft in all instances. It’s not always possible to stop identity theft, especially if someone’s Social Security number has been compromised. ***CFA recommendation: Identity theft services must avoid statements that overpromise how they can protect consumers.***
- **There is some sloppy use of statistics.** Statistics about the number of identity theft victims, the rate of identity theft, and the amount of time it takes to resolve problems are frequently used as marketing tools. In some cases the statistics used are out of date. Also, complaint statistics are sometimes used to indicate the incidence of identity theft, which is inappropriate since complaint data are not representative of the population as a whole. Another problem is with id theft services that claim to be “#1” or “top-ranked” without providing the source or date. ***CFA recommendation: Statistics used to describe identity theft should be the most recent available. Sources and dates should always be provided for statistics, and care should be taken to use complaint statistics properly.***
- **Information about the features that services offer and how they work could be improved.** In some cases to find the details of features such as monitoring and alerts, CFA had to hunt through FAQs, terms of service, and other less obvious places. Sometimes it was never found. Some descriptions were unclear and key information was sometimes lacking. For instance, if a credit score is provided, some services don’t explain that it is an educational score, which is not the same score that lenders use. ***CFA recommendation: Critical details of services should be provided where they are first listed or in prominent links. All services must be clearly explained.***
- **Refund and cancelation policies aren’t always adequately disclosed; on disclosing the cost, services did better.** Some services provide the refund and cancelation policy on the main product page and others have a link to it at the bottom of every web page. But in many cases it is buried in an FAQ, in the terms of service, or on the enrollment page. Sometimes the policies are unclear. While most services did better on price disclosure, in one case CFA couldn’t find any information about the cost after the free trial offer, and in another it was only on the enrollment page. ***CFA recommendation: Refund and cancelation policies should be clear and easy to find, and all costs must be provided before the page where consumers sign up for the service.***
- **In many cases the assistance provided to identity theft victims isn’t clearly described.** This problem, noted in CFA’s first study, continues. Some identity theft services act on behalf of customers if they become victims to resolve their problems, but most only provide advice and counseling. Vague descriptions such as “a trained specialist will guide you through the process of recovering your credit and good name,” and 24/7 access to helpful identity theft specialists, do not tell consumers what to expect and may lead them to expect more than they’ll actually get. Sometimes the details are only found in the terms of service or insurance policy. ***CFA recommendation: Information about exactly what services do to help victims should be clear, straightforward, and easy to find.***

- **Details about insurance are much easier to find.** While CFA believes that identity theft insurance is of little value, it is frequently touted as a feature of identity theft services and consumers need to know what it does and does not cover. In CFA's first study it was difficult to find the insurance details. While this time it was easier, there were still cases where the detailed information was not easily accessible or even provided at all. ***CFA recommendation: A detailed summary of the insurance should be provided via a link from wherever it's mentioned.***

Consumer Complaints

The most frequent complaint about identity theft services is not covered in the best practices: Free trial offers. While many identity theft services are offered for free for a limited trial period, from the complaints that CFA found online it appears that the terms aren't always made clear. In addition sometimes consumers can't get through to the company to cancel. Some consumers are charged even though they never agreed to try the service, usually because they gave their financial account information to that company or a partner of that company for something else. ***CFA recommends that companies:***

- ***Not share consumers' financial account numbers with affiliates or other companies for marketing purposes;***
- ***Provide consumers with 48 hours' notice that a free trial is ending, along with information about how to cancel and the cost if they continue;***
- ***Provide quick and easy means of cancelation – no endless busy signals, no multiple hoops to jump through.***

For a copy of the full report *Best Practices for Identity Theft Services: How Are Services Measuring Up?*, go to:

<http://www.consumerfed.org/pdfs/Studies.BestPracticesMeasuringUpReport.4.17.12.pdf>

For CFA's *Best Practices for Identity Theft Services*, go to:

<http://www.consumerfed.org/pdfs/CFA-Best-Practices-Id-Theft-Services.pdf>

CFA's 2009 report, *To Catch a Thief: Are Identity Theft Services Worth the Cost?* is at

<http://www.consumerfed.org/elements/www.consumerfed.org/file/To%20Catch%20a%20Thief,%20March%202009.pdf>

CFA's tips for consumers, *Nine Things to Check When Shopping for Identity Theft Services*, is at

<http://www.consumerfed.org/pdfs/9-Things-to-Check-When-Shopping-for-Identity-Services.pdf>

CFA provides more resources at its special identity theft website, www.IDTheftInfo.org.

The Consumer Federation of America is a non-profit association of some 280 national, state, and local pro-consumer organizations founded in 1968 to promote the consumer interest through research, education and advocacy.