



Protecting Our Children

CONSUMER ADVISORY - SERIES 2

CHILD IDENTIFICATION THEFT

Child identity theft or fraud will affect approximately 25% of children before they reach the age of 18. Children can present a clean slate for fraudsters. Child and teen ID theft occurs in many ways. About 1/3 of child victims know the person who stole their information, which may include parents, relatives, family friends, babysitters or other acquaintances.

DID YOU KNOW

According to the credit bureau Experian, 2017 findings show child identity fraud resulted in about \$2.6 billion in losses. Families faced about \$540 million in out-of-pocket losses and there were 13,852 complaints of child and teen identity theft reported.

Children can be easy targets for identity theft as most children under the age of 18 typically do not have credit reports. A child's social security number is often used for fraudulent purposes and the fraud is often not detected for many years. Discovery may not occur until the child is starting college or entering adulthood and is trying to apply for a credit card, secure a car loan or apartment. A child's credit history can be prematurely established and, as a result, negatively impacted.

Equifax, another credit bureau, states that a child's information can be used in what is known as "synthetic identity theft." For instance, an identity thief might use a real social security number, but use a name that's not related with the number. Fake identities are created using information from various people or from false information. Children and deceased people can be vulnerable targets since their SSNs are dormant and are not actively used.

Identification thieves use a child's SSN to open credit accounts, apply for government benefits, secure employment, file a fraudulent IRS tax return or attempt to claim an unrelated child on tax return for tax credit purposes. According to TransUnion, if an ID thief is arrested for other unrelated crimes, those crimes could become associated with your child's record.

Equally disturbing, cases where child victims know who stole their identity, over 40% indicated that one of their parents was responsible for the crime. In this situation, it may become difficult for a child to decide between reporting the family member to law enforcement or choosing to live with negative credit or a financial loss for years to come. Young victims often claim that they experience huge emotional downturns involving stress, anxiety, uncertainty, and anger as a result of identification theft.

PREVENTION

- 1) Check to see if your child actually has a credit report. Recommended by their 16th birthday. If YES...
 - This is a red flag signifying possible identity theft.
 - File a police report.
 - If a fraudulent account has been opened with a business or entity, call and notify them of the fraud. Have accounts closed and obtain a letter of confirmation. Minors cannot open accounts.
 - Immediately notify the three credit bureaus and report the fraud (*Experian, Equifax, TransUnion*).
- 2) Consider placing a security freeze.
 - Freeze prevents further access to child's credit report.
 - A proactive and controllable method is to create a credit report, then have the report frozen.
 - Contact each credit bureau to place freezes.
- 3) Research and consider a credit monitoring product.
- 4) Check with the Social Security Administration once a year to see if anyone has used your child's SSN.
- 5) Always keep your child's sensitive personal information in a safe and secure place.
 - Birth certificate, social security card, medical records, etc.
- 6) Avoid sharing your child's private information unless absolutely necessary.
 - This includes various medical services, schools, agencies.
 - Pay close attention to privacy policies - schools, clubs, medical. Question, understand, gain clarity.
 - Always be careful about sharing personal info on social media, apps, social circles, and with other family members.
- 7) Closely monitor paper mail, email, and communications.
 - Investigate anything that looks unusual or suspicious.
- 8) Educate your children about online behavior, monitor their online activities, caution them on sharing information for online games, apps, and chat rooms.
 - Set strong passwords and privacy settings.
 - Educate on how to politely refuse sharing info and what emotional manipulation looks like online and offline.
- 9) Review COPPA - Children's Online Privacy Protection Act.
 - COPPA provides protection for children under age 13 and puts parents in charge.

NOTE - Early discovery of credit report existence and detection of fraudulent activity are key in both preventing and restoring a child's personal and financial identity.

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