

From: Julie Fergerson [julie.fergerson@debix.com]
Sent: Friday, January 05, 2007 5:33 PM
To: Taskforcecomments
Cc: Bo Holland
Subject: Request for modification in 90 day Fraud Alert

The 90 day fraud alert should have the same requirements and penalties to verify a persons identity as the extended fraud alert. Currently there are no penalties for non-compliance if a creditor opens a new account in the consumers name and does not honor the 90 day fraud alert.

There is much confusion by creditors as to how to clear a fraud alert. We have seen cases where creditors choose to ask one “out of wallet” type question to validate the consumer’s identity. We have seen multiple instances of the single question, name one company you have done business with in the last 7 years. The answer Visa has been a satisfactory answer. Additionally, companies do not understand how to implement out of wallet questions and properly measure them – I believe some guidance should be given if a creditor chooses to use out of wallet questions instead of calling the consumer on the phone number placed in the 90 day fraud alert. Guidance might include things such as: in order to be statistically significant a creditor must ask at least 4 questions, they must be multiple choice so that it is not left up to interpretation of the person asking the question if the answer is incorrect or correct, and the person asking the questions should not be the person creating the questions as we have seen instances where the creditor hedges towards asking questions the consumer (or fraudster) might know. If you look at the statistics ID Analytics did on “out of wallet” questions you will also see they are ineffective, so some guidance might also be given that if this method is used instead of calling the number placed in the credit file and additional form of authentication should be required.

With a 90 day fraud alert a consumer should be able to order an additional copy of their credit report for free, just as they receive this benefit with the extended alert.

Thanks,

Julie

Julie Fergerson, VP of Emerging Technologies

Debix, The Identity Protection Network
Julie.Fergerson@Debix.com
512-699-6821

Julie Fergerson, Co-Founder and Board Member
Merchant Risk Council