

5 Myths About Identity Theft

By Neal O'Farrell

How many web sites have you been to that seem to offer the very same generic advice about protecting yourself from identity theft? How many excuses and accusations have you heard about whose fault it is we're in the middle of this crime epidemic?

There's a great deal of confusion about identity theft, who's at fault, and what the solutions are. Much of the misinformation comes simply from ignorance of the reality of identity theft so I thought I'd try to dispel some of the more egregious myths about the crime and its costs.

Myth #1 – Following the standard 6 or 7 security tips offered by most identity theft web sites will be enough to protect you.

If identity theft could be stopped or even slowed simply by following half a dozen obvious security rules, like checking your credit or using a shredder, then identity theft wouldn't be the fastest-growing crime in American history.

Sure these tips are important, but preventing identity theft requires a much more detailed, involved, long-term and planned response, which is why most consumers prefer to simply ignore the risk.

Myth #2 - It's mainly the fault and the responsibility of the financial industry.

I hate to say it but the credit unions, banks and credit card companies are probably the least to blame for identity theft. In fact, because of our constant demands for easier access to more credit, combined with our failure to take responsibility for protecting ourselves, the financial industry is left carrying most of the cost of a crime that's not really their fault.

In a study by research firm Insight Express, almost three out of five consumers (58%) say the person who stole the card is responsible for the theft, followed by the institution who issues the card (33%), the institution that approved the credit card charge (29%), and the merchants (26%).

On a more positive note, the research also found that almost half of consumers (48%) expect that they would be at least partly responsible for charges made on their credit card should they become a victim of identity theft.

The crime of identity theft is always 100% someone else's fault. You can't steal someone's identity by accident or misunderstanding and you can't blame a victim for stealing their own identity.

But you can blame a victim for losing their identity, and as victims creating our vulnerability to identity theft is at least 90% our own fault. That's because most consumers still refuse to take identity theft seriously, take personal responsibility for their own security, and change their lifestyle and behavior to reduce their exposure.

Myth #3 - Identity theft is a cybercrime and therefore will be solved by technology.

While most of the big headline-grabbing identity thefts usually involve some form of hacking, computer intrusion, or data heist, many if not most individual identity thefts don't involve the use of a computer or the internet, and are much more mundane.

They often take place through mail theft, theft of a credit card or social security number at work, theft of a check by a family member or acquaintance, or even a burglary. Try stopping any of those crimes with a firewall or spam filter!

And while the security industry is quick to launch product after product to counter the threat of identity theft, you've got to wonder just how much these businesses really want to end a crime spree that they make so much money from.

Myth #4 – Zero liability means I have nothing to lose.

Zero liability does not mean zero responsibility, and while of enormous benefit to victims, zero liability only covers any direct losses as a result of credit card or bank fraud.

It does not cover the biggest costs usually associated with identity theft, including legal costs, time off work, out-of-pocket expenses like travel and all that photocopying you may need to do, and of course the long term emotional costs.

According to the Identity Theft Resource Center, identity theft will cost a victim around \$16,000 in time devoted to cleaning up the mess, as well as an average of \$1,400 in out-of-pocket expenses. Zero liability does not cover these costs, and neither will most insurance policies.

Myth #5 – If I am a victim I can turn to law enforcement for justice.

According to one study, only around 5% of all identity thefts are ever prosecuted, and few of these are ever prosecuted to the satisfaction of the victim. Most police departments can do very little to prevent, investigate, or prosecute identity thefts, which is why many victims often express frustration at the lack of response and support from law enforcement when an identity theft crime has been committed.

Most police departments simply don't have the resources, but many don't have the skills or the will to spend much time on a crime they can do little about. The nature of identity theft – often involving multiple states, nations, and jurisdictions, the use of the internet, and either very small amounts or very complex methods – make it impossible for most police departments to offer any real help to a victim.