Six Questions to Ask When Shopping for Identity Theft Services

1. Does it monitor more than credit reports? Since it's easy to check your own credit report and you can access it once a year for free, and because many types of identity theft don't show up in credit reports, credit monitoring alone is of limited value. Consider services that scan other commercial databases, public records, rogue Web sites that sell stolen credit cards and Social Security numbers, and other places that may have your personal information and that aren't as easy for you to monitor yourself. Also check the options for receiving alerts; some services only send alerts by email, others offer more alternatives.

2. How does the service help if you are a victim? Most identity theft services only provide advice about the steps you'll need to take, but some take a more active role to help resolve your problems. Depending on the terms of service, assistance may be limited to identity theft that occurs, or is discovered, after you join. If it's unclear how the service will help you, continue to shop around.

3. Will it prevent you from getting your free annual reports when you wish?
Credit reports are often provided to customers as part of identity theft services. But some companies obtain them by requesting the free reports that you are entitled to get once a year, effectively preventing you from exercising your right to ask for your free annual report when you want it.

4. Should you look for identity theft services that offer insurance? Insurance generally reimburses for lost wages if you must take time off from work without pay to resolve an identity theft problem, long-distance calls, postage, notary fees and other miscellaneous expenses. Money that an identity thief has stolen from you is usually *not* covered. Since most identity theft victims have little or no expenses, insurance is not an important factor in deciding which service to buy.

5. Does the guarantee really protect you? No identity theft service can guarantee that you won't become an identity theft victim. Guarantees are promises about what the service will do if you are victimized. They may provide for expense reimbursement and/or assistance resolving your problem. Some only promise to resolve problems resulting from a defect in the service. Read the guarantee carefully; it may not provide as much protection as you expect.

6. What are the costs and terms? Many identity theft services offer "free trials," during which you can test some of the features, but unless you have an identity theft problem immediately, you can't fully assess the service during the trial period. Pay attention to the terms of the trial offer; usually consumers must cancel before it ends to avoid charges. Some services charge month-to-month, others require payment upfront for a year or offer pre-payment options that are less expensive than paying month-to-month. Not all will provide a pro-rated refund if you decide to cancel before the term you paid for is up, however. Read the terms and conditions carefully to understand the cancellation policy.

To offer the best value to consumers, CFA believes that identity theft services should have the following characteristics:

- Clearly disclose the exact services and costs.
- Monitor public and private databases and other places typically unavailable to consumers that may contain their personal information.
- Alert consumers of suspicious activity related to their personal information by their choice of email, phone, text message or mail.
- Provide actual assistance, not just advice, to resolve consumers' problems if they become identity theft victims.
- Guarantee to do what they promise with no exceptions buried in fine print and no attempt to limit consumers' legal recourse through mandatory binding arbitration.

No service that CFA looked at appeared to meet all of these criteria, and none is a panacea.