

Identity crisis

How to avoid becoming a victim of identity fraud, and what to do if the worst happens

Being burgled is a traumatic experience, but for Bob Armstrong it was just the beginning of his troubles. The burglars stole a briefcase, containing his wallet, cheque book, mobile phone and a couple of items of mail. This was the start of an elaborate identity scam which ended up costing £21,000.

Bob took the obvious first step of cancelling his cards, but this wasn't enough to prevent the crime.

“With your name and date of birth, anyone can trawl the internet to find all they need” Bob Armstrong

He believes the thieves found his date of birth on some mail and used public records to find out his birthplace and mother's maiden name. They then intercepted the new cards ordered by Bob, and activated them using this information. They wrote £21,000 worth of cheques from Bob's accounts and paid them into his credit card accounts, before taking them out again as cash.

Bob was astonished at the temerity of the criminals. 'I couldn't believe how easy it was for them,' he told us. 'If they have your name and date of birth, anyone can trawl the internet to find everything they need. It is ludicrous that it is so easy to find this information.'

Bob had always checked his bank statements carefully but this crime took place in just ten days. It was left to the bank to inform him of the unusual transactions. He said: 'I'm now very careful not to keep all my documents in one place. The trauma isn't worth it.'

WHAT IS ID FRAUD?

Bob's not alone. Identity fraud is one of the fastest-growing crimes in the UK – the government estimates that it costs the country £1.3 billion a

year. A quarter of UK adults know someone who has had their identity taken and misused, or have experienced it themselves, according to our latest survey. It's no wonder that more than two thirds of you told us you're concerned about ID fraud.

Your identity is valuable to criminals for a variety of reasons. If someone can pass themselves off as you, they can gain access to your bank accounts and steal your money, or run up huge credit card bills. Equally, a stolen identity can be used to set up bank accounts for money laundering or benefit fraud; it can even be used for people trafficking.

'Identity theft can be a harrowing experience,' says Peter Hurst, Chief Executive of fraud prevention service Cifas. 'It can be months before it's discovered, and sometimes takes just as long to sort out.'

Because your identity is a valuable commodity, criminals have become ever more ingenious in their quest to get hold of a convincing false identity. While direct theft of valuable documents is one approach, criminals don't always have to mug you or burgle your house to use your details.

VIRTUAL FRAUD

New technology and the internet have opened up brand-new criminal industries. Spam emails often contain viruses that can be used by hackers to access sensitive information on your PC. Alternatively, 'phishing' emails are sent. These are designed to look like correspondence from a bank, and typically ask you to reply confirming your security details, or include a link to a fake bank website. Some of these emails can look extremely professional – even containing your bank's logo – so you should always treat any unsolicited email with extreme caution.

Cold calling is a similar technique. 'You receive a phone call from your "bank", normally in the morning or early evening when you're probably busy,' says Jill Stevens of credit reference agency Experian. 'They tell you that they suspect your card has been used fraudulently, so they're checking to



Half of people use the same password for all accounts

ID fraud costs £1.3bn a year

Two thirds worry about ID fraud

see if you've made a certain transaction.' As part of the spiel you're taken through your security details to check you've got the card on you. 'Before you know it, you may have given your mother's maiden name, or your Pin,' says Jill. A genuine call or email from your bank should never ask you to give sensitive security details so don't ever hand them over unless you've contacted your bank yourself.

SKIMMING FOR CASH

It's not always virtual fraud. Using a small handheld reader, fraudsters can 'skim' your credit card in seconds – perhaps when you're buying something in a shop. The magnetic strip is read and used to produce a brand-new card or to buy goods online. For the criminal, the beauty is that you never lose your card so you're unaware of what's happening.

Previous-address fraud is common, too. When you sell your house, unscrupulous new owners might use your name to order goods on credit – then tell the debt collectors that you've moved.

A more crude approach is 'bin raiding'. Thieves steal your rubbish to search for sensitive documents – bank statements or utility bills, for example. Research by Experian in 2003 found that nearly one in ten households threw out a complete combination of credit or debit card number, expiry date, issue number and signature – enough for a fraudster to start using your card online, as some companies don't ask for the three-digit security code on the back of the card. Unfortunately, once a criminal has some details of your identity, it's easier to get more. They can legally apply for birth certificates from a register office, while utility bills and even photo driving licences can be forged by a determined thief.

HOW YOU CAN PROTECT YOURSELF

'ID theft is becoming a very prevalent crime, as it's comparatively low risk for criminals. You really need to be on your guard at all times, and certainly don't be complacent that it won't happen to you,' says Ken Farrow, Detective Chief Superintendent from the City of London Fraud Squad.

With Ken's advice in mind, you might be forgiven for deciding to live in a cave without a phone, and paying for everything in cash that you've kept in a sock under the bed. Fortunately, there are ways to protect yourself, and lots of them are free.

Barry Stamp runs checkmyfile.com, a website that offers a range of ID fraud prevention services. He told us: 'There are easy steps you can take to reduce the risk of fraud. Don't carry documents around unless you need to – you don't need to carry your driving licence unless you're hiring a car. And don't ever carry your address in your wallet.'

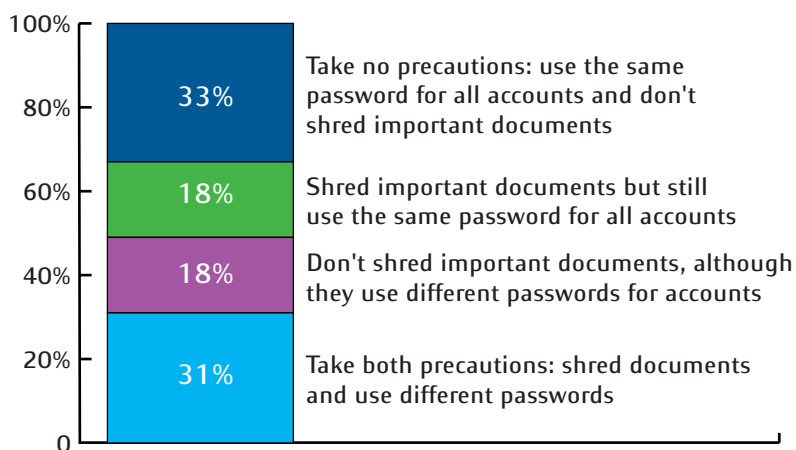
Ken agrees: 'Lots of burglaries now happen with the sole purpose of stealing bank details or identity documents. If you can, keep them locked up. If not, don't keep them all together in an obvious place.'

PROTECT YOUR PASSWORDS

Worryingly, half of you use the same password for all your accounts, according to our survey. Think carefully about any passwords you have on your bank accounts – don't use the same password for each one, especially if it's something obvious like your first-born's name. And never write passwords

Security steps people take

Only one third of people are taking the sensible step of using different passwords for their accounts and shredding old documents. A similar number do neither, while the rest only do one or the other.



Total base 764. Adults in our survey who had more than one account that uses a password

We conducted 975 face-to-face interviews with a nationally representative sample of adults aged 15+, living in Britain. Fieldwork took place in October 2004.

Do you think bank security is tight enough?

Email your views on this or any other topic in *Which?* to us at **letters@which.co.uk**

We'll print some in the magazine and more online at www.which.co.uk/whichextra

down or give the information out unless you're sure you're talking to someone legitimate. Banks should never contact you cold and ask for your security details. If they do, you should refuse to give them and say you'll contact them through the normal channels, such as their customer services number.

If you're moving house, you're particularly vulnerable to potential scammers, as our own car expert Dave Evans found out. Dave moved house recently, and redirected his post to his new address. He didn't notice anything was amiss until he bumped into his local postman, who told him that his redirected mail had been redirected once again, to a third address. Dave said: 'I was aghast at how easy it was to do. The Post Office requires two forms of ID, but the scammers managed to do it. I caught it before any money was lost, but it was lucky I knew my postie.'

The fraudsters had also asked BT to reconnect Dave's phone line. This meant that they could get hold of an introductory letter to use as proof of

address, which they used to apply for credit cards in Dave's name at the fake address. Dave redirected his post again just in time – as he soon started to receive the new cards he hadn't applied for.

While Dave's experience was extreme, you must make sure you contact every company which might send you mail if you change addresses. It's easy to forget items such as registered share certificates, or rarely used credit cards, during the hassle of a move.

'Even unsolicited mail can give away sensitive information,' says Jill Stevens, 'and this may continue to be sent to your old address after you move.' One solution to this problem is to register with the Mailing Preference Service (see www.mpsonline.org.uk) which can remove your

Unsolicited mail can give away sensitive information Jill Stevens

name from 95 per cent of direct mailing lists. 'Redirecting your mail for at least a year and registering on the MPS is important,' says Jill. 'Experian also advises people to check their credit reports two or three months after moving. It will highlight any applications in your name that you otherwise might not have been aware of.'

Probably the easiest bit of advice is not to put anything sensitive in the bin. According to our survey, about half of the UK population now destroys utility bills or receipts, but we should all be doing it. 'Shred everything you don't need to keep – that's what I do,' says Ken Farrow, and as a member of the Fraud Squad he's well placed to give advice.

Paper shredders can be picked up reasonably cheaply, but a more low-tech solution is to rip up any bank statements or bills before you bin them, making sure you deface any sensitive numbers or addresses.

If identity documents, such as your driving licence or passport, have been stolen, and you are concerned you may be a victim of ID fraud, you can pay £11.75 for the Protective Registration Service run by Cifas. Next time you apply for credit, it won't be approved automatically but instead will be referred for checks. This may include confirming your identity. Peter Hurst of Cifas, told us: 'If you buy a TV on in-store credit (especially in the evenings or on Sunday), you may not be able to take it away that day. But most people don't mind this if it means they have peace of mind.'

It's worth paying £2 to each of the three credit reference agencies (Experian, Equifax and Callcredit) for a basic search of your credit file. All three offer more expensive services, such as reformatting your credit report to make it easier to read, but a basic search gives all the information you'll need.

If someone has used your identity to open an account or buy goods, immediately contact the

Types of ID theft

The police classify identity theft as ‘the unlawful taking of another person’s details without their permission.’

Criminals gather information, call a credit provider and change the address. They then order new cards.

'skimmer' (which can be as small as a pack of chewing gum). Dishonest shop, bar and restaurant staff pass your card through it, and it copies the details electronically. Chip

immediately – your bank will never ask you to confirm your security details in this way. Look also for bad English or spelling – these scams often originate abroad.

The Financial Services Authority recently published a report warning companies to check the background records of staff. We have come across a number of ID theft cases that originated with staff having access to personal records and using them unlawfully.

Named after Frederick Forsyth's best-seller, this is when criminals use children's names from gravestones or death notices. They then build up the relevant paperwork to apply for identity documents.

and Pin will address this, because you can hold on to your card.

Where it's not available, try not to let your card out of your sight, and watch carefully how it is dealt with.

Scam emails are sent out, asking you to 'update' your banking security details such as your Pin or password. Delete them



An example of a 'phishing' email. It looks as if it's from Halifax but it isn't

Documents are faked or stolen in order to open an account in someone else's name. You can avoid both these types of fraud by being ultra-careful with your personal details and by destroying your discarded post.

● 'SKIMMING' Criminals have developed a

Introducing ID cards

One of the government's big policy ideas is a national identity register – a database of all UK citizens over 16, and foreign visitors who stay for more than three months. If it becomes law, entry on the database will initially be voluntary but will later become compulsory (probably in 2013). All those registered will be issued with an ID card.

The government estimates its cost at £3 billion over the next ten years, but critics say it's a huge underestimate. You will have to pay £35 when you register. Once the scheme is compulsory, failure to register could lead to a fine of up to £2,500.

The government claims that around 80 per cent of the public is in favour of ID cards. Our survey found 70 per cent in favour of a compulsory scheme. However, when they were told of the £35 fee, support dropped to just 31 per cent, with 54 per cent opposed.

Which? is neutral about the scheme, but it's a proposal that polarises debate.

One of the biggest purported benefits will be in the fight against terrorism, benefit fraud and crime – including identity theft. 'Identity fraud costs the country £1.3 billion a year,' says Home Office Minister Des Browne. 'If ID cards save us a third of that each year, they'll pay for themselves in ten years.'

But Guy Herbert, General Secretary of the No2ID campaign, doubts these claims. 'The claimed cost of £3



The introduction of ID cards has provoked strong feelings, including demonstrations against the idea

billion was plucked out of the air, and doesn't count costs absorbed by other agencies such as the police or the NHS. The true running costs are immeasurable. If you look at levels of crime, terrorism and benefit fraud in European countries that do have ID cards, they're not significantly better than here.'

Martin Linton, a Labour MP who was on the parliamentary committee that put forward the legislation, disputes this: 'Most of the costs are related to biometric identifiers, money we're going to have to spend anyway

on updating passports. If you strip this out, the estimated cost is £4 per person.'

Biometrics is the term for biological identifiers such as iris scans or fingerprints. The plan is to use both types, plus facial recognition software. But using biometrics is controversial.

'Biometrics are supposed to be infallible, but they're not,' Guy Herbert told us. 'The one per cent failure rate for fingerprints is small, but on a national database it might affect around 600,000 people.'

Labour's Martin Linton dismisses these

criticisms: 'No technology is 100 per cent accurate, but the scheme will use three different identifiers which should ensure fewer problems.'

One of the scheme's aims is to provide a 'gold standard' for proving identity. The ID card bill limits information on

interests to have a number that identifies them – that's the point of the scheme.'

Ultimately, the debate for or against transcends the simple efficiency of the scheme. It's about how the people and the state co-exist.

For Guy Herbert the scheme 'reverses the

“Companies will start asking for your identity number and using it as an index number” Guy Herbert

the register to basic details, such as name, date of birth, address and nationality and an audit trail of access. But it's not just what is held on the register that No2ID is worried about.

'The database will give you a unique identifying number, which will act as a magnet for everyone who runs a database. Companies will start asking for your identity number, and using it as an index number. Ultimately, if every database has the same index system, it will make it very easy for someone – say, a prying government – to track your every movement,' says Guy Herbert.

But for Martin Linton, 'it's in people's

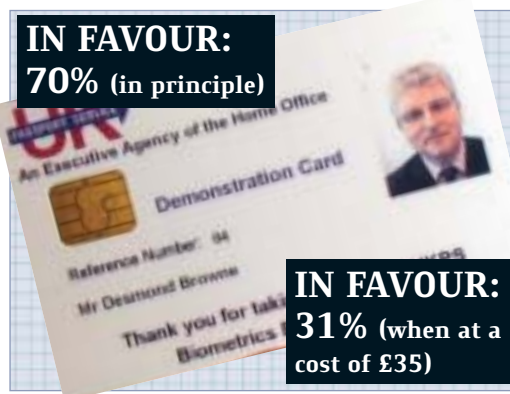
presumption of government answering to the citizens. Now citizens will answer to government. Without a card you won't exist. They seem to think that the more you can measure and quantify people, the better society will perform. It's a value judgement but not one I agree with.'

Martin Linton takes the opposite view: 'The state can't abrogate its responsibility to fight crime and keep order. If we don't introduce the ID card scheme we'll be hamstrung in the fight against crime, and this will lead to anarchy. We'll have to live with the consequences.'

ID CARD OPINION

We found 70 per cent of people in favour of a compulsory ID card scheme. But when we told them that cards will cost £35 each, support drops.

**IN FAVOUR:
70% (in principle)**



Total base:
959 adults

Dummy of Des Browne's ID card,
Home Office Minister, Immigration

BIRTH CERTIFICATE

We applied for a copy of this document after working out Malcolm's date of birth and where he was born. This is how we got hold of his mother's maiden name

LOYALTY CARD DATA

We asked Tesco for the details it held on Malcolm, and it told us the stores he visited, how much he'd spent, plus personal medical information – all without checking our identity

CREDIT CARD

We tried to change the address on Malcolm's Barclaycard – Malcolm was saved only by his own laziness

company with which the fraudsters have taken out credit. Speed is key. Neil Munroe, External Affairs Director of Equifax, told us: 'I would suggest that you make haste and urgently contact them by phone. Follow it up with a letter, so that you have it in writing. Then apply for your credit file and check for any unusual applications.'

Once you have reported the problem to the credit lenders, an automatic 'victim of impersonation' marker will be added to your credit file. You won't be charged, but it will mean that any new credit you apply for won't be approved immediately.

At the same time, contact your local police station and get a crime reference number. Don't ignore the problem. It can affect your credit record and you may have difficulty obtaining credit in the future.

Peter Hurst of Cifas admits that, 'to start with, you may be regarded as the prime suspect, as it is very difficult for the companies to tell who is the perpetrator and who is the victim. There have even been cases of people pretending to be victims just to avoid paying their own debts.'

The hassle entailed in clearing their names is often the biggest problem for victims. There was probably little that Bob Armstrong could have done to prevent his crime. He wasn't liable for the stolen cash but it took him months to sort out.

Peter Hurst agrees: 'I've seen cases where the fraudsters have opened 30 to 40 accounts in the name, and it can take up to a year to stop the correspondence from coming.' Neil Munroe of

Stealing the ed's ID

So how easy is it to steal someone's identity? We decided to give it a go. Our willing victim was our editor, Malcolm Coles

The electoral roll is easy to access online, and for just £4.95, we had Malcolm's address. Another couple of pounds to the Land Registry gave us the selling price of his house at the time he bought it, his lender and a plan of his street.

Finding out your mother's maiden name is one of the ID fraudster's tactics. With a couple of easy-to-find facts it's incredibly simple to get a copy of a birth certificate, which has that information.

Friends Reunited is a website that reunites schoolmates. There was more than

one Malcolm Coles, but only one was the right age. A guess that Malcolm was born in the same area as his school led us to his local register office.

We found out Malcolm's birthday by asking colleagues but someone who doesn't know the victim could get this date from, say, a doctor's letter, as in Bob Armstrong's case.

Once we had his birthdate, for £7 the register office sent us a copy of Malcolm's birth certificate within five days. A standard birth certificate gives the birthplace and mother's maiden name – often used as a security question.



The Land Registry gave us a street plan showing Malcolm's house

We tried to access Malcolm's credit card account. We rifled through his jacket and copied his Barclaycard details – consider how often you hand over your card in shops or restaurants, and how easy it would be to note the details.

Barclaycard asked for

a passcode (date of birth), how long we'd held the card (we bluffed this) and address. Malcolm was saved by his laziness; the bank still had an old address on file.

We planned to change the account address and get a new card sent out. We could have used this card (with his birth certificate) to take out store cards or go on a shopping spree.

FREE FOR ALL
The Data Protection Act Section 7 lets you request information held by firms or public bodies that relates to you, such as shopping habits. We wanted to know whether criminals could use it. Posing as Malcolm,

we wrote to several companies, asking for all his data, but sent to a different address from his.

Firms can charge up to £10 for a 'subject access request'. They're meant to check the identity of who's asking, and most did request proof. Tesco didn't. Its data included details of stores Malcolm used, his spending, and personal medical data. His gym, Holmes Place, asked for photo ID or proof of address. We sent a copy of his birth certificate and a utility bill, and got details of gym visits and, crucially, his bank account number and sort code.

Equifax told us: 'It can take up to 300 hours to fully clear your name.'

The final straw for Bob Armstrong was when he contacted his credit card provider to activate his new cards. 'I changed my passwords and made sure I used something very random that only I would know. Yet, when I rang them, they asked me only for my mother's maiden name. I was incandescent with rage, especially after the efforts that I'd made to prevent this!'

WHAT IS BEING DONE

Spending days trying to prove that someone else isn't who they say they are isn't much fun. While there's a lot you can do to make it difficult for criminals, sometimes there's nothing you can do to prevent someone using your identity.

One problem you can't do much about is inside jobs in financial institutions. Ken Farrow suggests that many banking fraud cases involve insiders: 'City of London Police is working closely with the banking industry, particularly with regards to the security of temporary staff. Many have excellent procedures in place, but they employ a lot of staff, and unless thorough vetting is carried out, there is always the possibility of a bad apple slipping into the organisation.'

The Association of Payment Clearing Services (Apacs), the main industry body representing card issuers, says that fighting ID fraud is one of the industry's top priorities. 'The ongoing investment in fraud prevention from the banks is phenomenal and growing all the time. This money is going into training staff and co-ordinating databases to spot unusual applications,' it told us.

We'd like to see banks being more vigilant about security. Mother's maiden name or place of

birth should never be used as default passwords. We easily got hold of the editor's place of birth and mother's maiden name – see 'Stealing the ed's ID' opposite. Some banks do ask questions about your account activity, which is a start, although of course it breaks down if someone's got hold of your statement from the bin.

Apacs adds that the banks are improving their procedures: 'They are starting to put in place more stringent security checks for high-risk transactions or for changing the address of your account.'

“Money is going into training staff and co-ordinating databases to spot unusual applications Apacs”

CHIP AND PIN

One area where the banks have made a huge step forward in security is chip and Pin cards. By the end of 2005 most credit or debit cards will use this new system. Instead of handing over your card and signing for transactions, you place your card in a reader and enter your Pin. No one else handles the card, which reduces the risk of skimming. The Pin makes it harder for people to use a stolen card.

Chip and Pin isn't a panacea. It's possible it will just shift the focus of fraud elsewhere, for example to online or other transactions when the card is not present. 'Perhaps the next big area to be tackled needs to be improving online security and checking Pins online,' says Ken Farrow. If they don't already, online retailers should ensure that they at least ask for the three-digit security number on the signature strip on the back of your card.

Another danger is that while chip and Pin will help cut down on transaction fraud, it's irrelevant if a criminal manages to make a fraudulent application. 'If they manage to open an account in your name, there is nothing to stop them getting their own chip and Pin card, is there?' points out Neil Munroe.

Neil goes on to say that it's not just the financial industry that needs to tackle fraud: 'Government, private companies, and consumers all need to do more to stop fraud. People need to be more aware of the actions they need to take to protect themselves. We should be talking about prevention rather than cure.'

This is undoubtedly true. One of the government's big ideas on tackling some of these issues is the new national ID card scheme. We explore the arguments for and against this on p13. In the meantime we all need to be careful with our personal information so we don't have to go through what Bob Armstrong suffered. ■

FURTHER INFORMATION

www.cifas.org.uk The UK's fraud prevention service

www.mpsonline.org.uk Get your address off mailing lists

www.no2id.co.uk Campaign against national ID cards

How can I stay safe?

Here are top tips to avoid ID fraud.

- Make sure that you are not using your mother's maiden name or place of birth as a security password.
- Check your credit file annually (and especially just after you've moved). If you change address, make sure you pass on your new details to your bank and anyone else who sends you post. You should also ask Royal Mail to redirect post.
- Don't just toss your old post straight in the bin. Rip it up, burn it in the garden or buy a shredder. Be especially careful with 'pre-approved', partly filled-in bank credit forms.
- Never use the same password for more than one account. If you bank online, use a different password for other websites.
- Try not to carry details of your home address along with your bank cards in a purse or wallet. This also applies to your driving licence. Don't carry it unless you specifically need it that day. Even if you are stopped by the police, you have seven days to present it.

which? says

As Bob Armstrong found to his cost, criminals who steal identities will go to great lengths to obtain the information they need. But the industry needs to do more.

Standard advice is for customers not to set obvious passwords. Yet traditionally the banks have used your mother's maiden name or place of birth as a key security identifier – information that isn't hard to get hold of. We want banks and credit card companies to guarantee that

mother's maiden name and place of birth will never be used as default security questions.

The Data Protection Act gives us all much-needed access to personal data. But Tesco is being irresponsible. It gave us confidential information without adequately checking who we were. Much of the data was sensitive and useful to the determined thief. Tesco needs to make changes and improve its checking procedures.