

Credit Security Freezes Part 2 More Cold Facts

"Nothing gets you into debt faster than trying to keep up with people who are already there."

– Anonymous

Here are more Q's and A's about the new "credit security freeze" law which is in effect in Tennessee as of January 1, 2008.

A credit security freeze means that you have asked in writing for your three credit files to be secured so that they cannot be seen by potential creditors – until you give permission. The written request must be made to each of the three national CRA's (credit reporting agencies): Equifax, Experian, and TransUnion.

Q. What happens to my credit score if my credit files are frozen?

Nothing. A freeze will not lower your credit score.

Q. Can would-be creditors see my credit score if I have a security freeze in place on my credit records?

No. When your credit files are "frozen," any prospective creditor who tries to view your file from one of the three national CRA's will get a message or a code indicating that the file is frozen.

Q. Can I still order a free annual copy of my own credit report if my file is frozen?

Yes. You can get your free copy of your credit report once a year from each of the CRA's at annualcreditreport.com or by calling 1-877-322-8228.

Q. Does a security freeze totally block access to my credit files?

No. Even if you have a security freeze on each of your credit files, various groups and entities will still have access to them.

For example, any of your existing creditors can still view your credit files. These creditors may legally use such information to review or to collect on your account. Also, government agencies can gain access to your information to collect child support or back taxes or to investigate TennCare fraud. Also, law enforcement can use a subpoena, a search warrant, or a court order to see your credit records.

Q. What happens if I do not freeze my files with all three credit reporting agencies?

Different creditors use different credit reporting

agencies to evaluate possible customers and to follow up on existing customers. To stop your files from being seen, be sure to freeze your credit files with all three national CRA's: Equifax, Experian, and TransUnion.

Q. What about those 'pre-approved credit card' offers?

A credit security freeze stops some credit card offers – but will not stop all of them.

To put a stop to pre-approved credit offers, call 1-888-5OPTOUT (1-888-567-8688). You can also go on-line to do this at www.optoutprescreen.com. This electronic "opt out" is good for 5 years and may be renewed.

Q. Any final tips?

If your records are "security frozen" and you are opening a new credit or loan account or a cell phone or utility account, it may be helpful to plan ahead and temporarily "lift" or "thaw" the credit freeze. Better yet, remember the words of Dave Ramsey: "Financial peace isn't the acquisition of stuff. It's learning to live on less than you make, so you can give money back and have money to invest. You can't win until you do this."

by Jim Hawkins, Managing Attorney, Gallatin office, Legal Aid Society

Note: This column is not intended to take the place of legal advice. All cases are different and need individual attention. Consult with a private attorney of your choice to review the facts and law specific to your case.

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