



Avoiding Identity Theft - Personal and Business

June 2007

Identity theft (otherwise known as “identity fraud”) – is on the increase in the UK, both for individuals and for companies.

It’s estimated by the Home Office that over 100,000 people have their identity stolen each year in the UK each year, costing the British economy over £1.7 billion annually.

With the growing number of e-commerce sites, and hence “card holder not present” transactions, it has become much easier for fraudsters to operate too.

Our E-Business Advisers discuss how you can avoid being a victim of this crime:

1. What is identity theft?

When criminals get sufficient information about a person, they can assume their identity - they can get passports and driving licences, open bank accounts and get credit cards.

They can then get credit or goods in that persons name. If they have access to your bank account details, they can clear out the account.

They might set up a fake company in your name, and defraud consumers or other firms.

They might even be involved - using your name and details - in crimes such as money laundering, drug trafficking or even terrorism.

Identity theft is quite widespread, and is a growing problem.

In the USA it has reached huge proportions - surveys there have estimated the total value of identity fraud to have reached \$56.6 Billion in 2006.

Identity theft can cause enormous problems for individuals, ranging from problems obtaining credit, depletion of bank accounts, right through to being arrested for very serious crimes actually committed by the fraudster.

As a firm, you also need to be aware that **you** might hold information about consumers or other businesses that could be used by fraudsters.

You have a duty under the Data Protection Act 1998 to ensure that such data is held securely, only processed for the purpose that you’ve stated it would be used for, and is securely disposed of when no longer needed.

You need to inform staff who deal with such data of their responsibilities for handling this kind of data.

Finally, if someone uses a fraudulently obtained credit card (either stolen or obtained via identity theft) on your ecommerce web site, it is likely that it will be your firm, not the credit card company, that will lose out.

2. Can business have their identity stolen too?

It is also possible for identity theft to occur with businesses.



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If a criminal can get sufficient information about your business, they could apply for company credit or debit cards and go on a spending spree.

It is also possible for fraudsters to submit forms to Companies House that will allow them to:

- change the registered address of a business
- change the company secretary or directors
- appoint new directors

Companies House will **not** automatically notify the true company secretary or directors that these forms have been submitted to them - and they don't automatically check details for validity either.

This means that the "new" directors can open new bank accounts with them as signatories, and have goods delivered to the "new" registered address.

This will ruin the credit rating of your business, and leave you with potentially massive debts to discharge.

3. How can I stop criminals getting hold of the information they want?

Firstly, there are some things that you can easily do to help protect yourself and your business.

The threats to your data can come from both online routes (see "Internet Scams - Phishing" in this Fact sheet series for more information on this subject) as well as offline routes.

The below guidance applies to both individuals and firms. You need to:

- Keep your personal data in a secure place
- Destroy - by shredding or burning - things that might be useful to fraudsters such as:
 - Invoices
 - Bills
 - Bank statements
 - Credit Card statements
 - Even junk mail can provide valuable information
 - Data that your business holds on your customers

Going through waste bins dumped for collection at the roadside is a favourite route for fraudsters to gain this sort of information.

- **Immediately** notify the issuer if you lose (or have stolen) credit cards, passports, driving licences etc.
- If you think your mail is being stolen, or fraudulently redirected, immediately notify the Royal Mail on 08457 740 740.
- When using credit cards over the phone, make sure you can't be overheard.
- When entering PIN numbers, make sure you can't be overlooked.
- Don't give out bank account or other details in response to emails - this is "Phishing" - see our Fact Sheet.
- Likewise, don't give account details out to anybody who contacts you unexpectedly, either personally or in your firm.
- Be aware that your firm may hold other firms banking details, e.g. for BACS. You have a



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duty to keep this data securely.

- If you move premises, inform everybody immediately - and have your mail redirected for at least a year.
- Ensure that you keep passwords securely - don't make them things that would be easy to guess, and don't write them down!

4. Anything else?

Unfortunately, yes.

Identity theft can still occur if you take the precautions detailed above.

There are steps you should take on an ongoing basis to protect you and your firm:

- Check bank and credit cards statements as soon as they arrive - and report any suspicious activity to the bank or issuer immediately.
- If you are concerned about Companies House having fraudulent forms submitted, you could subscribe to their "Monitor Service" - at a cost of £6 per year per registered firm.

This will alert you by email whenever forms are submitted about your firm(s).

- If you move premises, it might be worthwhile asking for your credit file for yourself or your business after 6 months, to see if there have been any unexpected checks done - such as occur when credit is obtained.

The Useful Links section gives contact details for Experian and Equifax, the two largest firms in this market. The cost is low - around £2.

5. What to do if you become a victim

You are first likely to become aware that you or your business may be a victim of identity theft if:

- You are suddenly refused credit, and think you should have a good credit record.
- You identify something in the credit reference check you run on yourself.
- You are chased for a debt that you don't owe.

You also need to be particularly careful if you lose or have stolen your passport or driving licence.

6. If any of the above applies, you need to act quickly:

- Apply for your credit reference file from Experian and Equifax
- Report your suspicions to the police
- You may wish to register with the CIFAS Protective Registration Service - this service will place a flag on your credit file with the credit agencies.

If you need to obtain credit, further verification checks will be applied to your application.

However - as in most things - prevention is far better than the cure!

6. Useful Links

See also "Internet Scams - Phishing" Fact Sheet.

www.informationcommissioner.gov.uk -



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Data Protection registration and compliance information.

www.identity-theft.org.uk -
Home Office web site, with techniques to protect yourself and your business, and what to do if you suspect identity theft has occurred.

www.millersmiles.co.uk-
Anti-Phishing resource web site.

www.cifas.org.uk -
Not for profit association run by major consumer credit lenders to combat fraud.

www.met.police.uk/fraudalert -
Metropolitan Police web site dealing with many aspects of fraud.

www.experian.co.uk and

www.equifax.co.uk -
Two leading credit referencing agencies

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