

FTC Facts

For Consumers



FEDERAL TRADE COMMISSION
FOR THE CONSUMER

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October 2010

What's Behind Ads for a New Credit Identity? *It Could Be ID Theft Involving Children's Social Security Numbers*

If your credit is less than golden, you've probably seen pitches from companies promising a fresh start. Some claim you can get a "new credit identity" by applying for credit with a nine-digit number they sell you, rather than with your own Social Security number that you've used for years.

The Federal Trade Commission, the nation's consumer protection agency, says don't take the bait. The scheme often involves Social Security numbers stolen from children. Not only won't you get credit, but you could face fines or prison.

THE PITCH: A "NEW CREDIT IDENTITY"

How do these fraudsters operate? They advertise in the classifieds, on radio and TV, and on the Internet. If you pay them a fee, they promise to help you hide a bad credit history or a bankruptcy. And after you pay them, they send you a nine-

digit number that looks like a Social Security number. They may call it a CPN — a credit profile number or a credit privacy number. They'll tell you to apply for credit using the CPN, rather than your own Social Security number. Some lie and tell you the scheme is legal.

Here's what they don't tell you:

In many cases, they're selling you someone else's Social Security number — often one stolen from a child. Using a stolen Social Security number to apply for a loan on another person's good credit record is identity theft. And by encouraging you to use the stolen number as your own, the con artists have involved you in their scam.

It's a crime to make a false statement on a credit or loan application. That includes misrepresenting your Social Security number. If you use the number they sell you, you could face criminal prosecution or civil fraud charges.



As a result, the fraudsters have pulled off a double whammy: They've created identity theft headaches for the families of children whose numbers they stole; and by selling you a stolen number to use on credit or loan applications, they've put you smack in the middle of a federal crime.

SPOTTING THE SIGNS OF OTHER CREDIT REPAIR SCAMS

The CPN ploy is the latest lie promising a quick fix to poor credit. The truth is that only time and sticking to a personal debt repayment plan will improve your credit report.

Here are some telltale signs of a credit repair fraud:

- companies that insist you pay them before they do any work on your behalf;
- companies that tell you not to contact the credit reporting companies directly;
- companies that tell you to dispute everything in your credit report — even information you know is accurate;
- companies that tell you to give false information on your applications for credit or a loan;

- companies that don't take the time to spell out your legal rights when they tell you how their business operates or what they say they can do for you.

YOUR RIGHTS UNDER THE LAW

The Credit Repair Organization Act (CROA) makes it illegal for credit repair companies to make false statements about what they can do for you and to charge you until after they've

performed their services.

The law, which is enforced by the FTC, requires credit repair companies to explain your legal rights in a written contract that also details the services they'll perform, how long it will take to get results, the total cost, and any

guarantees. Under the law, these contracts must explain that you have three days to cancel without any charge.

What if a credit repair company you hired doesn't live up to its promises? You have the right to sue them in federal court for your actual losses or for what you paid them, whichever is more. You also can seek punitive damages — money to punish the company for violating the law. The law allows class actions, too, where people join together in one lawsuit. If you win, the other side has to pay your attorney's fees.

By selling you a stolen number to use on credit or loan applications, fraudsters have put you smack in the middle of a federal crime.

The CROA is a federal law. Many states also have laws regulating credit repair companies. If you have a problem with a credit repair company, report it to your local consumer affairs office or your state attorney general (AG). Many AGs have toll-free consumer hotlines or let you file a complaint online. Check the blue pages of the phone book or your state website.

You also can file a complaint with the Federal Trade Commission. Although the FTC can't resolve individual credit disputes, it can take action against a company if there's a pattern of possible law violations. File a complaint online at **ftc.gov** or call **1-877-FTC-HELP**.

Need information about legitimate ways to deal with debt? Visit **ftc.gov/moneymatters**.

FOR MORE INFORMATION

The FTC works to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or get free information on consumer issues, visit [ftc.gov](https://www.ftc.gov) or call toll-free **1-877-FTC-HELP** (1-877-382-4357); TTY: 1-866-653-4261.

Watch a new video, *How to File a Complaint*, at **ftc.gov/video** to learn more. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

The Federal Trade Commission (FTC) is the nation's consumer protection agency. Here are some tips from the FTC to help you be a more savvy consumer.

1. Know who you're dealing with. Do business only with companies that clearly provide their name, street address, and phone number.
2. Protect your personal information. Share credit card or other personal information only when buying from a company you know and trust.
3. Take your time. Resist the urge to "act now." Most any offer that's good today will be good tomorrow, too.
4. Rate the risks. Every potentially high-profit investment is a high-risk investment. That means you could lose your investment — all of it.
5. Read the small print. Get all promises in writing and read all paperwork before making any payments or signing any contracts. Pay special attention to the small print.
6. "Free" means free. Throw out any offer that says you have to pay to get a gift or a "free" gift. If something is free or a gift, you don't have to pay for it. Period.
7. Report fraud. If you think you've been a victim of fraud, report it. It's one way to get even with a scam artist who cheated you. By reporting your complaint to **1-877-FTC-HELP** or **ftc.gov**, you are providing important information to help law enforcement officials track down scam artists and stop them!

*Federal Trade Commission
Bureau of Consumer Protection
Division of Consumer and Business Education*

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