



Published on *Privacy Rights Clearinghouse* (<http://www.privacyrights.org>)

Today's Date: Apr 01, 2010

Source URL (retrieved on 2010-04-01 10:49): <http://www.privacyrights.org/lifelock-customers-to-receive-refunds-from-ftc>

LifeLock Customers to Receive Refunds

Copyright © 2010
Privacy Rights Clearinghouse / UCAN
Posted March 11, 2010

The FTC has announced that customers of LifeLock's identity theft protection services will be receiving refunds as part of a settlement with the company. Since 2006, LifeLock has advertised that it could prevent identity theft for consumers willing to sign up for its \$10-a-month service. However, the fraud alerts that LifeLock placed on its customers' credit files protected only against certain forms of identity theft.

Fraud alerts do not protect against the misuse of existing accounts, the most common type of identity theft. Fraud alerts also provide no protection against medical identity theft or employment identity theft, in which thieves use personal information to get medical care or apply for jobs. And even for types of identity theft for which fraud alerts are effective, they do not provide absolute protection.

Privacy Rights Clearinghouse alerted consumers to the limitations of identity theft monitoring services such as LifeLock almost 2 years ago in our [Fact Sheet 33: Identity Theft Monitoring Services](#) ^[1]. Yesterday's Federal Trade Commission (FTC) announcement about LifeLock confirms that consumers should use caution and common sense before paying for identity theft monitoring services.

The FTC suit charged LifeLock with making numerous false claims in its advertisements. LifeLock claimed that it would prevent unauthorized changes to customers' address information, that it constantly monitored activity on customer credit reports, and that it would ensure that a customer always would receive a telephone call from a potential creditor before a new account was opened. The FTC charged that those claims were false. In addition, LifeLock allegedly made claims about its own data security that were not true.

LifeLock will pay \$11 million to the FTC and \$1 million to a group of 35 state attorneys general to settle charges that the company used false claims to promote its identity theft protection services. The FTC will use the \$11 million it receives from the settlements to provide refunds to consumers. The FTC will be sending letters to the current and former customers of LifeLock who may be eligible for refunds under the settlement, along with instructions for applying. Customers do not have to contact the FTC to be eligible for refunds.

Details of the refund program have not yet been made available by the FTC. Up-to-date information about the FTC's refund program will be posted at www.ftc.gov/lifelock ^[2] or may be obtained by calling (202) 326-3757.

Consumers may turn to monitoring services because they are concerned about identity theft, but there are other ways of protecting your credit. The best low-cost alternative to identity theft monitoring services is a security freeze. A security freeze locks your credit files at the three credit reporting agencies (Equifax, Experian, and TransUnion) until you unlock your file with a password or PIN. The freeze stops new accounts from being established by imposters because potential creditors are not

able to check your credit report or credit score, the standard procedure when financial accounts are opened. Any potential creditors' requests for access to your credit files will be denied.

However, a security freeze cannot stop misuse of your existing bank or credit accounts. You still must check the monthly statements on your current accounts for any erroneous charges or debits. Security freezes also cannot prevent employment identity theft or medical identity theft.

Generally, you will pay no more than \$30 for a lifetime of security freeze protection. In some circumstances (identity theft victims and senior citizens in some states), this protection may be free.

While a security freeze may be the best available deterrent to new account fraud, it may not be the best solution for everyone. It can be cumbersome for individuals who frequently apply for credit, are contemplating a new mortgage, or who plan to change jobs. On the other hand, a security freeze is particularly well-suited for seniors who are no longer in the market for new credit. And a freeze provides protection for individuals affected by data breaches involving Social Security numbers, as well as victims of identity theft or mail theft. For a more complete discussion of the pros and cons of security freezes, see www.consumersunion.org/pdf/SecurityFreeze-Consider.pdf [3].

Source URL (retrieved on 2010-04-01 10:49): <http://www.privacyrights.org/lifelock-customers-to-receive-refunds-from-ftc>

Copyright © Privacy Rights Clearinghouse/UCAN. This copyrighted document may be copied and distributed for nonprofit, educational purposes only. For distribution, see our [copyright and reprint guidelines](#). The text of this document may not be altered without express authorization of the Privacy Rights Clearinghouse.

Links:

[1] <http://www.privacyrights.org/fs/fs33-CreditMonitoring.htm>

[2] <http://www.ftc.gov/lifelock>

[3] <http://www.consumersunion.org/pdf/SecurityFreeze-Consider.pdf>