



Credit monitoring services may not be worth the cost

By Kayleigh Kulp November 30, 2017

When Jed Grant's security clearance and biometric information was stolen from the U.S. Office of Personnel Management, the agency offered him and 22 million other affected people a free credit monitoring service.

The service "was worth what I paid: nothing," said Grant, CEO of IT security firm Peer Mountain.

"So far in the five-plus years that I have had it, it has notified me twice that my Yahoo account was hacked, which we all know anyway," Grant said. He also received notifications of sex offenders near his former addresses, which he found irrelevant.

With many high-profile data breaches lately, including one at credit reporting company [Equifax](#) that affected more than 143 million people, financial and security experts have mixed opinions about whether credit monitoring services that cost a few bucks to about \$30 per month are worth the money.

Lance Cottrell, chief scientist at Ntrepid, a security and information management company, said credit monitoring agencies do little to *prevent* you from having to clean up the mess.

"At best, they provide early warning that you have already become a victim of ID fraud so you have the opportunity to take action early in the process," said Cottrell.

Increasing awareness of identity-theft risks and breaches when they happen is a good start.

About 20 percent of consumers surveyed by J.D. Power said they were not aware of the [Equifax](#) data breach, while 51 percent said they were either very or somewhat aware.

"Consumers are more vulnerable to identity theft than ever before, which is why it's so important to take proactive identity theft protection measures," said John Danaher, president of consumer interactive at TransUnion. The company launched TrueIdentity, a free credit protection tool that allows customers to lock and unlock their credit reports in the event of a breach, among other options, for this reason, he said.

TransUnion also offers a premium tool that offers enhanced measures for a monthly fee, which Danaher says helps cover the company's security costs. Experian and Equifax, which each have their own paid credit monitoring services, did not return requests for comment.

"The reality is that most [credit monitoring services] are the same services repackaged by different companies," said James Barnash, a certified financial planner with SGL Financial in Buffalo Grove, Illinois.

The biggest thing to distinguish between them, he says, is how well they support you in the event of a breach.

LifeLock, for example, offers up to \$1 million in stolen funds reimbursement, \$1 million in legal and expert fee reimbursement, and \$1 million in personal expense reimbursement, credit and Social Security number alerts, annual credit reports and 401(k) plan and investment activity alerts for about \$30 per month.

"The service was worth what I paid: nothing." -Jed Grant, hacking victim

Identity Guard charged David Edwards, president of Heron Wealth in New York, about \$24.99 per month for credit score monitoring, banking alerts, scanning the "dark web" and providing \$1 million insurance for the reimbursement of stolen funds, after one of his firm's vendors was hacked, exposing his credentials, passwords, [American Express](#) charge card number, expiration and PIN.

"I simply changed all our passwords and got a new Amex card. Nothing came up after a year, so I did not renew the subscription," Edwards said.

The value lies in whether you want help to clean up an identity theft incident, and if you can afford it, said Eva Velasquez, president and CEO of the nonprofit [Identify Theft Resource Center](#). A cyberbullying benefit doesn't make sense if you don't have children, for instance.

"It's a personal choice for people," she said. "It's a time and tedium factor."

At least for now, there are several free ways to keep tabs on your credit.

The Identify Theft Resource Center provides a free remediation plan with actionable steps and templates. And whether or not you were affected by the Equifax breach, that company is offering consumers a free year of credit monitoring service on its [TrustedID Premier service](#) if they sign up by Jan. 31. It includes monitoring reports generated by the three largest credit-reporting firms,

Equifax, [Experian](#) and [TransUnion](#), the ability to freeze credit, buy identify theft insurance and monitor potential misuse of your Social Security number.

Grant also suggests setting up the strictest privacy policy possible on credit, bank and lenders' sites, obtaining private registration for any websites you own and using a post office box as your billing address. You can also opt out of prescreened credit and insurance offers for free at [OptOutPrescreen.com](#).

You also have a federal right to a free annual copy of your credit report at each from Experian, Equifax and TransUnion, said identity theft expert, attorney and Bentley University professor Steven J.J. Weisman.

Maintain as few online accounts as possible, delete those you no longer use, don't reuse passwords, and don't allow your computer to remember passwords, said Jason McNew, CEO of Stronghold Cyber Security.

Credit Karma offers free credit monitoring if you agree to receive advertising and offers from the company, Weisman said. Discover offers free monitoring of your Social Security number in the "dark web," the part of the internet where personal information is bought and sold. Many other banks and credit cards offer free credit scores, which could alert you to unauthorized, adverse activity.

Perhaps the most effective way to prevent new accounts from being opened as a result of ID fraud is to set up a [credit freeze](#) or [lock](#) at TransUnion, [Experian](#) and [Equifax](#), though only about 13 percent of people have done so, according to the J.D. Power survey.

Some states do not allow fees to be charged for this service, Edwards said. There may be small fees to unfreeze the account.

"Knowing what's going on with your credit has become a very important part of living in our society," said Jeff White, a financial analyst with [FitSmallBusiness.com](#). "Having poor credit due to unauthorized activity can prevent you from qualifying for important credit events when they come up. "

Danaher said: "TransUnion is not a credit repair organization, and as such cannot provide credit repair advice. What we can do is stress the importance of understanding the principles of credit health, which are imperative for growing and maintaining a healthy credit score."

"Why worry about a few bucks per month when you might get paid back in spades by any one of these additional services?" said Nick Sloane, president of Sloane Wealth Management, who opted to purchase a credit monitoring service years ago.

"View it for what it is: insurance. You have insurance for peace of mind," Sloane said.

