# Certified Divorce Lending Professional

## Divorcing Your Mortgage Educational Series

### Protecting Your Clients from Financial Identity Theft in a Divorce

Divorce Lending Association

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During marriage, the financial identity of both spouses may become comingled due to joint bank accounts, joint credit cards, co-mortgagees and more. Protecting your clients from financial identity theft during and after the divorce is final should be a top priority.

According to the Federal Trade Commission, identity theft falls into six major categories:

1. **Employment or tax related fraud (34%).** The use of one's social security number and other personal information to gain employment or file an income tax return.

2. **Credit Card Fraud (33%).** The use of someone else's credit card or opening a new credit line in someone else's name.

3. **Phone or Utilities Fraud (13%).** The use of someone else's personal information to open a wireless phone or utility account.

4. **Bank Fraud (12%).** The use of someone else's personal information to take over an existing financial account or opening a new account.

5. **Loan or Lease Fraud (7%).** The use of someone else's personal information to obtain the loan or lease.

6. **Government Documents or Benefits Fraud (7%).** The use of personal information to obtain government benefits.

*Note: Percentages add up to more than 100 because some complaints involved more than one type of identity theft.*

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Identity theft in a divorce situation is more common when the majority of family credit was obtained in one spouse's name and the other spouse is now struggling to rent or buy a new home, establish utilities and other credit in their name. Even obtaining new cellular phone service may become an obstacle for the new spouse when there is little or bad credit in their name and the ease of obtaining these new services in the former spouse's name may be all too easy.

Spouses have significant access to the other party's personal information such as social security number, credit card numbers and other critical details needed to establish new credit and future misuse. The effects of identity theft on your client's current and future credit can be devastating and take significant time and effort to correct.

Advise your divorcing clients to take the following steps in protecting themselves from future financial identity theft:

**Step One: Freeze Credit Files.** If there is a concern about identity theft or someone gaining access to your credit report without your permission, you might consider placing a credit freeze on your report. Also known as a security freeze, this free tool lets you restrict access to your credit report.

A security freeze does not stop you from opening new credit lines, buying a house or applying for a job. However, if you plan on doing any of these, you'll need to temporarily lift the freeze which you can do for a specific time or for a specific party such as a landlord or potential employer. It's free to lift the freeze and free to place it again when you are done accessing your credit.

**Step Two: Monitor Credit Regularly.** Consumers are allowed to access their free credit report from each of the major credit bureaus each year. If you monitor and check your credit file with a different bureau every four months, you can monitor your credit for free throughout the year. If you want to be more diligent in monitoring your credit, you may want to consider using an identity theft protection company. www.annualcreditreport.com is the consumer site for accessing credit bureaus free of charge.

Divorce is a stressful and emotional situation where even a normally responsible person might do things they otherwise would not. Taking the necessary precautions in securing your divorcing client's financial identity may significantly save them a great deal of frustration and time in the future.

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