

# FT Money

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## FRAUD

## The question is, what's in a name?

As identity theft rockets, so do the number of services offering protection, writes Lucy Warwick-Ching

Identity fraud is costing the UK more than £1.3bn a year, according to official figures, and Capital One Bank projects that by the end of 2005 there will be 212,000 cases - equating to one every two and a half minutes. Worldwide, identity fraud is likely to cost governments, individuals and businesses \$200bn (£105bn) by the end of this year.

Last year there were more than 50,000 reported cases of identity theft in the UK and the market for anti-fraud products and insurance policies is mushrooming.

HSBC's move into an otherwise untested market in 2003 was the first admission by a large financial institution that identity fraud is Britain's fastest-growing white-collar crime. Since then several insurers, including Saga, CPP, More Than - a Royal & Sun Alliance subsidiary - and from this week HBOS, have launched products against identity fraud.

These new insurance policies (see box below) are designed to offer financial assistance to consumers who have been targeted by fraudsters who steal their identity. This type of fraud occurs when someone uses an individual's personal

### Security steps

Type of precautions people are taking (%)

Take both precautions: shred documents and use different passwords for all accounts

Take no precautions: use the same password for all accounts and don't shred important documents



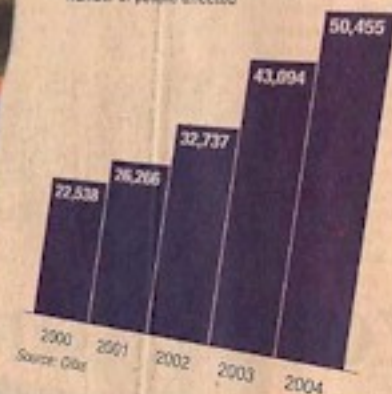
Don't shred important documents but use different passwords for all accounts

Shred important documents but still use the same password for all accounts

Source: Which? Survey of 764 adults with more than one account that uses a password

### ID theft

Number of people affected



Source: CIB

details - for example, their name, date of birth, address and national insurance number. Often this information is used to apply for credit cards, loans and other financial products. But it can also be used to apply for mobile phone contracts, driving licences or even passports.

The first time individuals may become aware they are a victim of identity theft is when unpaid debts land on their doorstep. This can result in problems with debt collectors, county court judgments, obtaining a mortgage or even a job.

Most insurers' anti-fraud services tend merely to be

information to help customers prevent identity fraud but some also offer policies that recover expenses incurred when identities are stolen. This could include the reimbursement of lost earnings or the costs of suing a fraudster. However, the level of cover on policies varies substantially.

"The cost to busy people of proving their innocence and cleaning up their credit files is estimated to be around £8,000 and can take up around 300 hours," says Colin Whitehair, chief executive of St Andrew's Membership Services, a subsidiary of HBOS general insurance.

Last month Capital One launched an ad campaign -

featuring the impressionist Alastair McGowan - to promote its identity theft assistance service which provides advice to help prevent, spot and resolve identity theft for its platinum card customers.

"Some policies offer more of a tea and sympathy type service offering customers a do-it-yourself approach," says John Busby, business relationship manager at Capita Insurance Services, which is expected to launch its own insurance product imminently. "The range of services available is very different and only the ones that offer complete cover are really worth looking at."

Credit Expert from Experian sends out an e-mail or

text message alert when there's a change in someone's file status - this would help to spot if someone was trying to open a bogus account in your name. It costs £50 a year and you get access to your credit file. Callcredit offers a similar service for £39.99.

But there are a lot of ways people can protect themselves for free. Simple steps include shredding or ripping up documents such as bank statements and utility bills before you bin them.

Financial services companies warn that no individual is immune from identity theft. Ricky Gervais, the creator and star of the BBC hit series *The Office* is cur-

rently at the centre of a court case after fraudsters allegedly stole his identity and tried to buy £200,000 of gold bullion using cash from his account.

"Ultimately, it is crucial that the consumer remains as vigilant as possible," says Steven Philippsohn, senior partner at city law firm Philippsohn Crawfords Berwald. "In the recent Ricky Gervais case, it was fortunate that the plot was foiled, due to a fan of *The Office* thinking that the transaction was suspicious. By stripping away regular face-to-face contact, it only takes simple information, such as date of birth, address, a mother's maiden name and

passwords to conduct this kind of fraud."

The problem is that, unlike other types of fraud where the bank usually picks up the tab, it falls to the victim to establish that a fraudster is responsible for the debt.

"Most companies say the burden of proof falls on the customer," says Whitehair. "It can be very difficult to prove your innocence because in cases of identity theft, the fraudster will have access to all your personal details and it will be difficult to prove that it was not you that opened the account or took out the credit card."

Additional reporting by Isabel Arnoux

### COVER YOUR FACE

Identity theft insurance policies vary greatly in terms of cost and service. Halifax charges £6.95 a month for complete cover including a reimbursement of losses. More Than charges £150 a month just for legal help. HSBC includes the cover

in its household insurance and offers free legal help while Saga charges £20 a year for legal help and some limited cover of losses. CPP Group's Identity Protection Plan costs £49.99 a year but gives customers unlimited access to

their credit files so they can keep an eye on any applications for credit using their name.

Other services do not cover customers for any losses, focusing on helping people prevent identity theft from happening in the first place.