

New Bankruptcy Law Will Not Protect You from Identity Theft

Article by: Charles Essmeier

Recently passed by Congress with overwhelming support, the oddly-named Bankruptcy Abuse Prevention and Consumer Protection Act was designed to eliminate "bankruptcy of convenience." The perceived problem is that many compulsive gamblers, shoppers and drug users often run up huge debts on easily available credit cards with no intention of paying their bills. A relatively easy bankruptcy filing through Chapter 7 of the Federal bankruptcy code wipes all the debts clean and gives the debtor a fresh start. Studies would suggest that most people who file for bankruptcy are actually suffering from sudden illness, job loss or some other catastrophic event, but the law was passed just the same, and debtors will now have to repay at least a portion of their problem debt when the new law takes place in October, 2005. A provision of the new law that was not well publicized is the fact that the law applies to any debt, including debt which has been incurred through theft of the debtor's identity. If someone steals your credit card, or driver's license, or both, and runs up a huge amount of debt by posing as you, then you will be held responsible for the debt. Identity theft has become an increasingly large problem in the last few years, but the new legislation should make everyone aware of the problem associated with identity theft. While a determined thief can probably steal anything, a few simple steps can make it harder for someone to steal your identity. Shred your documents. There are plenty of thieves that will sort through trash, looking for credit card receipts, bills and any document that has your signature. If you are throwing away financial documents, shred them first. Shredders can be found at any office supply store for a reasonable price. Don't give out your Social Security number to anyone unless it is absolutely necessary. Congress originally intended that the Social Security number not be used as a national identity number, but over the years it has become just that. If someone with whom you are doing business asks you for your number, inquire as to whether it is absolutely necessary that they have it. Providing the number may not be required. A thief can obtain a lot of information about you if they have your Social Security number. Guard it carefully. Don't carry more credit cards with you than is necessary. It's rarely necessary to carry 20 credit cards in your purse or wallet. Go through them and see if you can't keep a few in a secure place at home. Check your credit report once a year and look for suspicious entries. It typically takes nearly a year for someone to find out that their identity has been stolen. Look out for loans or large purchases that you don't remember making. Never give out personal financial information, especially credit card numbers, to someone that you don't know on the telephone. A few simple steps, practiced regularly, can protect you from identity theft. More importantly, these steps can protect you from having to repay thousands of dollars of debt that some thief might run up in your name. Your identity is your most valuable asset. Protect it carefully.

©Copyright 2005 by Retro Marketing. Charles Essmeier is the owner of Retro Marketing, a firm devoted to informational Websites, including End-Your-Debt.com, a site devoted to debt consolidation and credit counseling, and StructuredSettlementHelp.com, a site devoted to information regarding structured settlements.