



How Does a Fraud Alert Work, and When Do You Need One?

National nonprofit credit counseling agency Take Charge America outlines three steps for consumers considering a fraud alert

PHOENIX – (Sept. 19, 2023) – If you’ve experienced fraud or are worried about potential identity theft, placing a fraud alert on your credit report may protect you from possible financial losses, the hassle of resolving fraudulent activities and adverse effects on your credit report.

Fraud alerts are a preemptive security tool that people can implement to protect themselves, especially if they see unauthorized transactions while reviewing accounts, notice new credit accounts in their name or see suspicious activity when reviewing their credit report.

With the Federal Trade Commission [reporting consumer fraud losses up by 30%](#), fraud alerts help consumers safeguard their financial wellbeing. They ensure a business verifies identity before it issues new credit, making it harder for bad actors to open new credit accounts in another’s name. Placing a fraud alert on your credit report is free and has no effect on your credit score.

“Anyone can be a victim of fraud, and it’s oftentimes an overwhelming process to navigate,” said Amy Maliga, financial educator with Take Charge America, a [nonprofit credit counseling and debt management agency](#). “However, the fraud alert process is designed to combat even more stresses down the road. It’s an important tool for mitigating future identify theft.”

Maliga shares three immediate steps for placing a fraud alert on your credit reports:

- **Contact all three credit bureaus:** Reach out to each of the three credit bureaus (Equifax, Experian and TransUnion) and let them know you’d like a fraud alert placed on your account and for how long. If you’re a first-time victim of fraud or choosing to take precautionary measures, consider the one-year option. If you are already a victim of fraud, opting for an extended alert ensures protection for seven years. Alerts can be removed any time.
- **Alert your credit card issuers:** Contact your credit issuers and request any accounts you didn’t authorize be closed. It’s important you do not pay any fraudulent debt. If you make payments, it equates to assuming legal responsibility and makes it difficult to challenge fraud.
- **Be proactive:** Continually monitor your credit accounts and reports to ensure you’re not a victim of identity theft or fraud. It’s generally recommended to monitor your reports at least once a year. You can get a free copy of your credit report from each credit bureau at [annualcreditreport.com](#).

For additional financial literacy resources, visit [Take Charge America’s Budget Tools](#).

About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, housing counseling and bankruptcy counseling. It has helped more than 2 million consumers nationwide manage their personal finances and debts. To learn more, visit [takechargeamerica.org](#) or call (888) 822-9193.



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