

BY JULIE KUZMIC ON MARCH 10, 2020

Lost wallet? Here's how to protect yourself from fraud

It's important to understand the mechanics involved when someone applies for credit in your name, and how to know if you're a victim.



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You're rushing out the door and you pat that familiar spot to confirm you've got your wallet, only to find...nothing. I don't know about you, but after searching yesterday's pockets, my mind goes to some dark places. First, the kitchen pantry. Maybe I put the granola bar in my purse and my wallet in the cupboard? Then even darker: is my wallet gone? Is it lying outside somewhere, inadvertently dropped and waiting to be rescued? Was it taken from me in a moment of distraction and, if so, how long have those criminals had access to my credit cards?!

Calling banks and credit card companies to find out about potential fraudulent transactions and get new cards issued isn't my idea of a good time, and I'm not alone. A recent survey commissioned by Equifax found that 27% of Canadians surveyed feel vulnerable as a target for

fraud by means of a lost or stolen wallet or purse. Nearly all Canadians surveyed (94%) reported concerns about being a victim of fraud and 61% admitted worry about the time it takes to fix the affected account(s).

In today's world of tapping our cards in store for quicker transactions, it's a legitimate concern. It may not take very long for Fraudy McFrauderson to do some serious damage with your cards before you even notice they're missing and can cancel them.

These scenarios aren't fun to contemplate and they're even worse to live through. I hate to pour salt on the wound of a wallet loss or theft, but there's another insidious aspect of this situation that may not be as obvious to many Canadians.

When your ID is on the loose

Guess what else the McFrauderson family can do with the contents of your wallet: With access to your official identification, they may be able to apply for new accounts in your name. It would be nice to imagine the unauthorized holder of your wallet signing you up for the local grocery store's loyalty program, but their motives are likely far less altruistic. They might be after some brand-spankin' new credit in your name.

Your data is valuable

In fact, it doesn't matter how the McFraudersons get their hands on your information. It could be a data breach, some personal papers that didn't get shredded or your stolen wallet. It's important to understand the mechanics involved when someone applies for credit in your name.

What typically happens when we apply for credit in Canada is the following: applicants are asked for permission to access their credit histories and/or credit scores. With your consent, the credit grantor will pull this information and use it—along with other details from your application, such as your income—to make a decision on whether to grant credit. Of course, the credit grantor needs to confirm your identity and will ask for ID and/or use various industry standard [identity verification methods](#).

The fraud scenario

Let's run through the credit application process with the McFraudersons in the picture. They may have your ID or they may have even used your information to create new pieces of fake ID with your name and their photos. They are only too happy to consent to a credit check—of *your* credit history. Of course, banks and other credit grantors have a number of checks and balances to look for signs of fraud as applications are processed and many fraudsters are caught. The McFraudersons are crafty, though—some get through.

How do you know if you're a victim?

Some victims are tipped off to this type of activity when a new credit card appears in the mail for which they didn't actually apply. Others aren't so "lucky." If a fraudster successfully convinces the lender that your address has changed and they have the actual credit card mailed elsewhere, how would you know that a new account has been opened in your name? What if it's a line of credit, so there's no physical card to be mailed and they opt out of paper statements to limit your opportunities to discover the fraud?

Credit files may contain clues

This is one of the reasons that it's so important to check your credit reports at both of Canada's nationwide [credit reporting agencies](#) (Equifax and TransUnion) on an annual basis, if not more frequently. One bright spot in these scary scenarios is that people in Canada are entitled to an unlimited number of [free credit reports](#) each year. (By contrast, current U.S. regulations permit only one credit report annually per credit reporting agency.)

When you receive copies of your credit reports, you should check that you recognize all the accounts listed. If anything looks unfamiliar, it could be a sign of identity fraud. If you see something suspicious on your credit report, you can contact the lender and/or the credit reporting agency for assistance.

Additional protection

Fraud warnings and identity alerts are special statements that can be added to your credit report, which include a phone number to encourage lenders to call you before extending credit. Both [fraud warnings and identity alerts](#) are available free of charge at Equifax. There are also paid [credit monitoring and identity theft protection](#) services available which offer alerts on key changes to your Equifax credit file and identity theft insurance, among other features.

The final word

There's never a good time to lose your wallet—or any personal information, for that matter. If it happens, consider contacting the credit reporting agencies to place alerts on your credit files. The extra time now could save a lot of headaches in the future. The only person who should be applying for credit in your name is, well, you.

Julie Kuzmic is Director of Consumer Advocacy at Equifax Canada and a recognized authority on consumer credit. She often speaks to industry groups, government, clients and consumers to shed light on the credit lifecycle. She is passionate about financial literacy and is always testing out new metaphors to describe the nuances of credit scores.

For more educational information from Equifax Canada, including legal details, [click here](#).

