

When a parent steals your identity

This crime is not as rare as you might think. And the betrayal (and damage) goes beyond the financial. Here's how it can happen -- and how to tell if it already has.

By Liz Pulliam Weston
MSN Money

Danielle, 28, thought her credit was pretty good when she went to buy a new car a couple of years ago. And it would have been, had her credit report not been littered with unpaid accounts opened by her mother in Danielle's name.

Now Danielle, a graduate student who also works full time, is struggling to pay off more than \$20,000 in credit card debt her mother incurred. The older woman, who survived a bout with cancer, insists she would have been able to pay the bills had she not become ill and gets angry when Danielle mentions the debt.

"I feel bad bringing it up," Danielle said. "I feel like the bad guy."

Parents are supposed to protect their children from harm, but some inflict long-lasting financial and emotional damage by using them to commit identity theft.

Some, such as Danielle's mother, victimize offspring who are old enough to establish credit in their own right. Others use the Social Security numbers of their minor children to set up fraudulent accounts that the victims might not discover for years.

"When we first started hearing about it, we were shocked and horrified," said Beth Givens, the head of the Privacy Rights Clearinghouse in San Diego. "It turns out it is more common than you might think."

Linda Foley, the founder of the Identity Theft Resource Center, also in San Diego, said she almost never heard about parent perpetrators when she and her husband established the center a decade ago. These days, though, they get several complaints a week from victims or from other adults who have uncovered the crimes.

"It just keeps getting bigger," said Foley, who fears the recession and rising unemployment will tempt more parents to cross the line.

[Credit issuers take a parent's word](#)

Normally, minors can't get credit cards, because people can't be held to a contract until they're 18. But thieves can get away with using minors' Social Security numbers because credit issuers may not demand proof of age or may be fooled by forged documents.

"The credit file begins with the first application, and the information given is taken as truth," Foley said.

Any of the following can be red flags that a child's identity has been stolen:

- Preapproved credit card offers in the child's name (although these may also stem from a bank or college savings account).
- Calls from collection agencies, bills or credit cards sent in the child's name.
- An addict or someone with a history of fraud -- who knows the child's Social Security number -- has a sudden infusion of cash or an improvement in lifestyle.
- An Internal Revenue Service notice that the child's name or Social Security number is listed on another tax return.

One case that Foley vividly remembers: five children, all under age 9, whose Social Security numbers had been used by their mother to open fraudulent credit cards and other accounts. Their grandmother and the woman's first two husbands helped police prosecute the case, Foley said.

"She is a user, pure and simple," Foley said, fuming. "The children are nothing more than an opportunity to gain money she has not earned."

The extent of parental identity theft is unknown. The Federal Trade Commission found that 6% of victims identified the thieves as family members or other relatives, but the agency didn't publish statistics about how many of the credit hijackers were the victims' parents. (Actually knowing an identity thief is something of a rarity. More than half didn't know exactly how their personal information had been compromised, and of those who did, 84% didn't know the thieves personally.)

Unique opportunities to steal

Parents, especially those of minor children, have unusual opportunities to steal. Not only do they know their children's Social Security numbers -- the key piece of information needed to open bogus accounts -- but they often can intercept any mail that could tip off other family members to the crime. Even if their transgressions are uncovered, many can rely on family loyalty to protect them from prosecution.

A person whose parent steals his or her identity often won't file a police report, a necessary step to establish the fact that the identity theft occurred. Without such a report, credit bureaus won't erase fraudulent accounts from the victim's files.

Danielle thought seriously about filing a police report after reading one of my earlier columns about this crime, but she abandoned the idea after realizing her mother could be arrested.

"I couldn't do it," Danielle said.

A police report may not have helped Danielle much anyway because she actually had known about the first time her mother used her identity. Danielle was an undergraduate when her mother asked to use Danielle's Social Security number and name to apply for a credit card.

Danielle, who said she didn't understand that her mother was committing fraud, now concedes she was naive. Danielle believed she had a daughterly duty to help her mother, who had bad credit. Her mother went on to apply for a half-dozen other cards on which she eventually defaulted, without telling Danielle about the applications.

Some parental thieves refuse to believe they've done anything immoral or illegal. As in other cases of parental theft -- such as raiding custodial accounts, swiping money from trust funds or selling off savings bonds given as birthday presents -- the parents may justify their behavior as ultimately benefiting, or at least not hurting, the victims.

"The rationale is, 'I'll pay it off, (and) they'll never be harmed,'" Foley said. "If some of the ill-gotten gain is spent on the kids, this attitude is reinforced. But if you didn't pay your own bills, what makes you think you're going to do the right thing now? You still have the same poor money management skills that caused you the problem in the first place."

And such identity theft is far from a victimless crime. Parental ID thieves:

Put long-lasting black marks on their children's credit. Many identity theft victims learn of the crimes when they've been turned down for credit, denied apartments or jobs, quoted higher-than-normal insurance rates or contacted by collection agencies threatening to take them to court. The average identity theft victim spends many hours trying to clean up the mess, and the problems can persist for years. Sometimes, it's not possible to fix the messes.

Put their children in an impossible position. Because identity theft can't be cleaned up without a police report, parental thieves force their children to choose between loyalty to parents and continuing fallout from compromised credit.

Damage their children emotionally by using them for personal gain. Like victims of sexual abuse, these identity theft victims were betrayed by people who are supposed to protect them, said Charles Nelson, a San Diego psychologist who has studied the issue for the Identity Theft Resource Center. The victims can wind up having real trouble trusting others and forming relationships, Nelson said.

Like Foley, Nelson strongly recommended therapy for victims to mitigate, but not erase, the violation they feel.

"The victims will deal with the consequences forever," Foley said.

If you're a victim or fear your child has become one, here are some suggestions:

Get informed. The Identity Theft Resource Center has fact sheets and other information for victims, including "Identity Theft and Children," "When You Personally Know the Identity Thief" and "To Order a Credit Report for a Child" if you suspect fraud.

Consider filing that police report. Taking what seems like a drastic step may be the only way to get your credit cleared and to drive home to the perpetrator the seriousness of what he or she has done. "I'm a believer in tough love," Foley said.

Try mediation. A few victims who were unwilling to file crime reports but who had remorseful parents have been able to get their names removed from credit accounts those parents established. Using an attorney mediator, they had their parents draw up an agreement acknowledging sole responsibility for the account, Foley said.

An attorney mediator is an additional cost, but you show good intent that way, Foley said. A local bar association can provide referrals to mediators.

But credit issuers typically won't accept such agreements without a significant payment toward the debt. And this assumes the account hasn't been charged off or sent to collections, which significantly reduces the creditors' interest in cooperating.

Think about bankruptcy. If you can't get your parent to take responsibility for the debt, you have a number of bad options: struggling to pay the bills yourself, ignoring the debts and hoping the collectors eventually go away or filing for bankruptcy. A bankruptcy filing would further trash your credit scores but might allow you to erase the debt, get rid of the collectors and start rebuilding your credit. For more, see MSN Money's bankruptcy guide.

Video on MSN Money

Consider changing your Social Security number. This is a drastic and difficult step, one that the Social Security Administration typically discourages. It's not a good solution if you have a significant work or credit history that you could lose in the changeover. But if you're young and just starting out and you can keep the new number a secret from your parent, it could be one solution. The Social Security Administration's Web site has information about getting a new number, and the Identity Theft Resource Center has a fact sheet.

Be vigilant about your credit reports. Here's one case where investing in credit monitoring might be a smart idea. At the very least, have fraud alerts put on your credit reports at all three major bureaus: Equifax, Experian and TransUnion. Unfortunately, lenders often ignore fraud alerts, but they're still worth trying.

You also have the right to freeze your credit, which should prohibit anyone from opening an account in your name. (It takes a secret personal identification number, which only you know, to unlock your report so that credit can be granted.)

Expect some emotional fallout. Common reactions to identity theft include feelings of rage, betrayal, isolation and financial insecurity -- emotions that are often amplified when the thief is a parent. Getting therapy can be helpful, as can talking to supportive friends, a clergy member or a support group.

"The emotional toll is very deep," Foley said. "It can be permanently scarring."

*Liz Pulliam Weston is the Web's most-read personal-finance writer. She is the author of several books, most recently "Your Credit Score: Your Money & What's at Stake." Weston's award-winning columns appear every Monday and Thursday, exclusively on MSN Money. She also answers reader questions on the Your Money message board.
Updated July 6, 2009*