State-federal settlement bars LifeLock from claiming it can prevent identity theft

Local News

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SEATTLE – LifeLock – the identity theft prevention provider whose CEO published his Social Security number in advertisements – can no longer claim its services protect consumers from all forms of identity theft.

“The states and Federal Trade Commission picked apart LifeLock’s claims and alleged the company couldn’t deliver on its promises,” Attorney General Rob McKenna said. “Today’s agreement deadbolts LifeLock’s ability to claim its services eliminate the risk of identity theft.”

A group of 34 state attorneys general joined the Federal Trade Commission (FTC) today in announcing an agreement with LifeLock, under which the Tempe, Ariz.-based company will pay $11 million in restitution to consumers. Although the FTC and state attorneys general share jurisdiction to investigate unfair and deceptive practices against consumers, a joint enforcement action of this magnitude is unprecedented.

Each year, about 8 million Americans, including 5,000 Washington residents, become victims of identity theft or identity fraud. Given these alarming statistics, attorneys general said consumers are looking for ways to protect themselves and their pocketbooks.

The FTC and states began investigating LifeLock amid allegations that the company made a range of deceptive claims that violated consumer protection laws, including leading consumers to believe its $10-per-month service was a “proven solution” that would protect against all forms of identity theft. They also claimed the company misrepresented the nature of specific services it provided to protect or alert consumers when their personal information had been compromised.

LifeLock’s previous advertisements “guaranteed” to protect consumers’ personal information and prevent criminals from opening accounts in their names.

Some ads included CEO Todd Davis’ Social Security number, which Davis said showed “how confident I am in LifeLock’s proactive identity theft protection.” In 2007, it was reported Davis became the victim of fraud when someone used his published Social Security number to obtain a $500 loan.

“While LifeLock promised consumers complete protection against all types of identity theft, in truth, the protection it actually provided left enough holes that you could drive a truck through it,” FTC Chairman Jon Leibowitz said during a press conference today.

Past marketing materials warned consumers about their heightened risk of identity theft, when LifeLock did not have information to warrant such a warning.

LifeLock’s advertisements also implied that individuals with fraud alerts on their consumer reports will always receive a phone call prior to the opening of new accounts, when in fact a phone call is not required by federal law.

Under the agreement, LifeLock is prohibited from misrepresenting that its services:

- Protect against all types of identity theft;
- Constantly monitor activity on each of its customers’ consumer reports;
- Always prompt a call from a potential creditor before a new credit account is opened in the

customer’s name; and

- Eliminate the risk of identity theft.

LifeLock is also prohibited from overstating the risk of identity theft to consumers, including whether a particular consumer has become or is likely to become a victim.
LifeLock also agreed to pay $1 million to cover the costs of the states’ investigation. Washington’s share is $15,000.

Attorneys general said there is nothing consumers can do or purchase that will guarantee they won’t become identity theft victims. But helpful tools are available:

- All consumers can obtain a free annual credit report from each of the three major credit-reporting agencies, regardless of whether they have been identity theft victims. Consumers can use the reports to review their own credit histories and identify errors and inaccuracies, such as unauthorized accounts. Call 1-877-322-8228 or request a report online at https://www.annualcreditreport.com.
- Consumers themselves are best-positioned to monitor their own bank accounts and credit card statements for unauthorized withdrawals or charges.
- Consumers who suspect they are already identity theft victims, or may soon become victims, can place a fraud alert on their credit history by contacting one of the three major credit reporting agencies.
- Another option is to request a security freeze, which means that a consumer’s credit file cannot be shared with potential creditors. A security freeze can help prevent identity theft since most businesses will not open credit accounts without checking a consumer's credit history first.

Information about obtaining a credit report, fraud alert or security freeze is available on the Washington Attorney General’s Web site under Safeguarding Consumers.

States participating in today’s agreement include: Alaska, Arizona, California, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Missouri, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington and West Virginia.
CONSUMER REFUNDS

LifeLock agreed to pay $11 million in restitution to eligible consumers who signed up for services between April 1, 2005, and March 30, 2009. The FTC and states will jointly send letters to eligible consumers, notifying them of the agreement and how they can opt-in to the settlement. Information about the redress program is available by calling 202-326-3757 or online at www.ftc.gov/lifelock.
DOCUMENTS
LifeLock Settlement – Washington State Version
LifeLock Complaint – Washington State Version

LifeLock Settlement – Federal Trade Commission
LifeLock Complaint – Federal Trade Commission
Federal Trade Commission News Release

Chicago Tribune Advertisement
Wall Street Journal Advertisement