



NEW YORK STATE SENATOR

John J. Flanagan

## Senator Flanagan Announces State Senate Passage Of Legislation To Protect Consumers From Credit Company Security Breaches

JOHN J. FLANAGAN June 15, 2018

| ISSUE: **CONSUMER PROTECTION, SECURITY BREACHES**



New York State Senate Majority Leader John Flanagan (2<sup>nd</sup> Senate District) has announced that the Senate passed legislation to protect consumers from financial security breaches that continue to happen to millions of New Yorkers. The measure ([S6886D](#)), sponsored by Senator Rich Funke (55<sup>th</sup> Senate District), would make it easier for consumers to protect their credit information by prohibiting all consumer credit reporting agencies from charging a fee for the placement, lift, or temporary removal of a security freeze.

# 9

*“While being caught up in a security breach that was totally out of your hands is a troubling enough concept for any consumer, it is inconceivable that those who were innocent victims would have to pay money to protect themselves. Credit agencies must be a responsible partner in our efforts to protect the identities of New York residents, and this legislation will ensure that they are not profiting from consumers who have been victimized – the very people they are supposed to be safeguarding,” stated Senator Flanagan.*

Senator Funke said, “As a member of the Consumer Protection Committee, it is my job to protect consumers by making sure they are not being taken advantage of. When the personal information of consumers is put at risk in a data breach, they should not be penalized by incurring additional fees from the very agencies that were supposed to protect them.”

A security freeze protects personal information from credit fraud and identity theft by preventing access to credit files. Under current law, residents are not charged for the placement of their first security freeze, but each credit-reporting agency can charge up to \$5 for a second or further credit freeze. In addition, there can be a charge of up to \$5 from each credit reporting agency for the temporary lifting of a credit freeze - an approach that is often used when an individual knows that they are about to apply for a new credit card, mortgage, or other loan.

On September 7, 2017, consumer credit reporting agency Equifax was the latest in a long list of companies that made the public aware of a security breach in its database. Individual personally-sensitive information, such as birthdays and Social Security numbers, of 143 million consumers was compromised. As a result, many New Yorkers are being urged to place security freezes on their credit reports.

This legislation will strengthen consumer protections by ensuring that individuals do not bear the cost of the many security freeze transactions that they are likely to undertake in the wake of the Equifax or any similar data breach. Not only would this allow consumers to prioritize rebuilding their financial lives without bearing the financial cost of proper protections, but also ensures that a credit bureau cannot profit from its lax data security.

The bill has been sent to the Assembly.