

Banks on the defensive as h

You do all you can to protect your personal data, says **Andrew Don**, but financial services companies are often far more lax

MY PENSION company recently sent me a letter with my address at the top but quoting a policy number belonging to a 'Mr Round'. A contrite employee of the company promised to refer this breach of the Data Protection Act to the compliance team. If Mr Round reads *The Observer* and he, in turn, receives details of my pension plan, I would appeal to him to shred it as I have done with his.

With all the publicity there

has been about data protection and identity fraud, such lapses by financial institutions are inexcusable but certainly not unusual.

David Porter of IT consultancy Detica, which specialises in anti-fraud measures, says technology that was meant to be a quick, cheap and efficient method for banks and retailers to interact with consumers will end up costing them dear if something is not done soon.

Warnings such as this

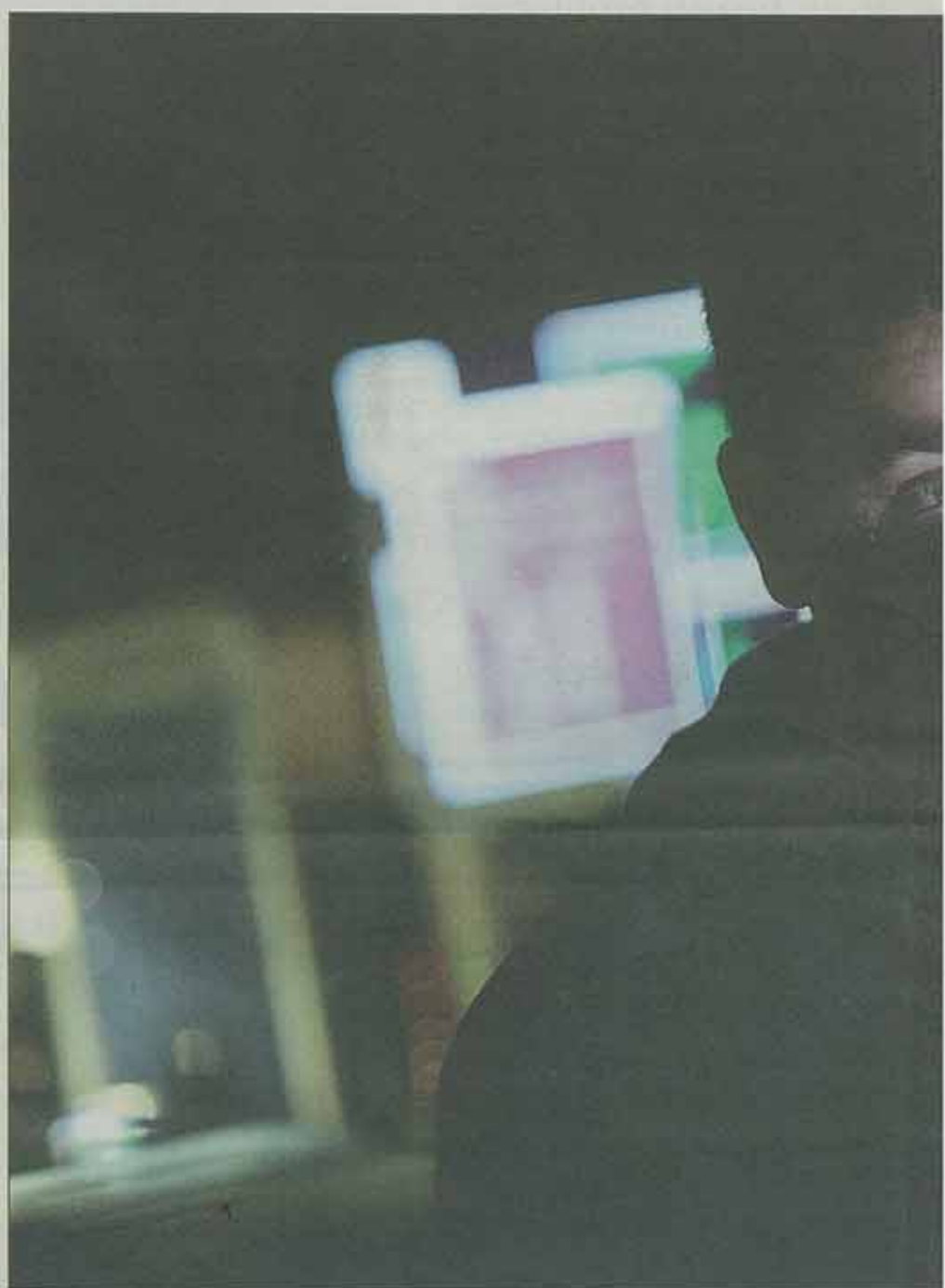
have made many people paranoid about their personal data and this is not misplaced. Last month some of the major UK banks were sent into a spin after a *Sun* newspaper reporter found that the banks' call-centre staff in India were willing to sell him confidential customer details.

And the problem is undoubtedly a global one. Last October, Britain's National Hi-Tech Crime Unit began investigating a scheme to steal £220 million from the London offices of Sumitomo Mitsui bank after hackers infiltrated the Japanese institution's network.

These examples show that however cautious we are about safeguarding our own information, we are still vulnerable to attack if the organisations we deal with can be compromised.

Computer security company Symantec's twice-yearly internet security threat report found that between July and December last year the financial services industry was the most frequently targeted by hackers. It says financial services are generally regarded as an attractive target for criminals, and a continued increase in targeted attacks indicates that fraudsters are probing more such organisations for weaknesses.

Mike Maddison, director of enterprise risk services at Deloitte, says a high percentage of websites have



Hi-tech attacks on financial institutions have spread around the globe. Getty

security flaws. These include allowing unauthorised users to gain full access to customers' details.

Emma Shipp, managing partner at law firm Sprecher Grier and Halberstam, says people should ask to see organisations' data protec-

tion policy if they are concerned.

Etiennere Greeff, technical director of network security company MIS Corporate Defence Solutions, says customers should ask:

● What safeguards are in place to protect my data?

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ACCORDING to CIFAS, the UK's fraud prevention service, false identity and impersonation fraud took off in 1999 and is now 600 per cent higher, with 120,000 cases in 2004. About 30 per cent of these are impersonations of dead people.

In recent months, a number of financial services companies have launched 'anti-ID theft

services'. Royal Bank of Scotland offers Privacy Guard for its customers at £6.99 a month, while Barclaycard offers an Identity Protection Plan for £49.99 a year offline or

Which? gave identity theft cover its 'Most Useless Financial Product' award

£39.99 online. The policies are very similar, offering information via a helpline, unlimited access to credit reports and insurance cover for any legal costs.

Credit reference agency Experian offers a similar service but without the insurance cover for legal costs at £49.99 a year. From £1.50 a month, More Than offers its

insurance customers an identity theft service that offers a legal helpline and mediation, legal documents to help repair credit status and £50,000 cover for legal fees.

Capital One and Citicard offer customers a service which includes a helpline and information and help in resolving any fraud involving use of their cards.

Hackers target identity theft



using an online reservation service he was astounded that the web page, into which he was required to enter his name, address, credit card number and expiry date, did not conform to the minimum level of security that any sensible consumer would require.

'In security terms, entering my details into this website would have increased my likelihood of being an ID theft victim exponentially, so on this occasion I took my business elsewhere.'

Many other retailers expose their customers to a similarly unacceptable level of risk during the capture of their personal information, he says. 'This raises the question that if organisations are not applying a suitable amount of rigour during this first customer interaction, what are they doing to their customer data when it is less visible? Are they taking sufficient precautions to ensure that when your data is held within their internal systems, it is not accessible by any determined fraudster?'

Roberts says people cannot be ultimately expected to ask anything more than is their data is being held securely. But they can ask whether the organisation is BS7799-accredited, which indicates that information security has been audited and found to be satisfactory.

Gary Jackson of internet security company Quova advises people to ask what steps the organisation is taking beyond asking for the user name and password, to grant access to an account.

They should be asking if the organisation will repay all losses arising from illegal account access and who pro-

Protect yourself online

- Install anti-virus software and regularly update virus definitions
- Encrypt information you would not want an unauthorised person to access
- Make sure you have a firewall installed to stop hackers from gaining access to your computer
- Keep your computer safe by regularly applying any security patches from your software manufacturer.
- Check websites that require personal data use SSL. See if the web address bar begins with 'https'. Internet Explorer users should see a closed padlock in the bottom right-hand corner.
- Double-click the padlock to check the site certificate is genuine and up-to-date and that you are not being tricked into visiting a fraudulent website.
- Install anti-spyware software

protects them if an organisation's business partner is responsible for losing personal information.

And he says they should insist on knowing what steps the company will take if their information is illegally

accessed, even if it is not used for fraud.

Jackson says anyone who has to handle people's personal data should take the same measures taken by payment card companies such as Visa, MasterCard and American Express, which have developed the Payment Card Industry Data Security Standard for the secure storage and processing of payment card information.

This standard requires certain levels of network security, access authentication and encryption of cardholder data. These provisions should apply to every organisation managing personal information, Jackson says.

- Who will have access to my personal information?
- How is data safeguarded throughout the complete lifecycle, including backups and data destruction?
- Do you use encryption methods to ensure that only authorised users have

access to my information? ● In how many places and in what form is personal data stored?

Owen Roberts, head of identity protection and consumer assistance at protection company CPP Group, recalls when he rented a car

access to my information?

...must, but don't rely on it

So are these policies worth considering? 'Many of these policies are flawed in that they do not offer full financial compensation to victims of fraud,' says Richard Brown, chief executive of financial data provider Money.net. 'Few, if any, of them appear to offer insurance protection against actual financial loss in the event that a credit company, for exam-

ple, refuses to cover the loss - and this is what consumers really need. While ID protection services may have a degree of value, they shouldn't be used as a reason to take out an otherwise uncompetitive product.'

Brown says credit card and account holders should take simple measures to protect themselves against ID theft,

such as buying a shredder and checking credit reports regularly.

A recent report from Which?, previously the Consumers' Association, branded identity theft insurance a waste of money, giving its Most Useless Financial Product award to Halifax for its £84-a-year identity theft policy.

Lisa Bachelor

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