

# Credit card fraud essay sample



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Credit Card Fraud Some facts about credit card fraud: Credit cards. They are everywhere. They are so easy to use and they are accepted almost anywhere in the world. These are just some of the reasons why there is a big problem in the world today. This problem is known as credit card fraud.

Credit card fraud is one of the most common types of fraud that there is. If a dishonest person gets a hold of any type of private information about someone, such as a social security number, date of birth, address, mother's maiden name, etc., then that person could apply for and receive a credit card that is not rightfully theirs. This is called identity theft and goes hand in hand with credit card fraud. This is a common practice and unfortunately for thousands of people a year, their identity along with their credit card information is stolen.

Approximately 1, 000 people per day are affected by or are victims of credit card fraud. And unfortunately, the problem is getting worse. With the Internet becoming a major source of shopping and convenience, more and more people are becoming victims of credit card fraud. Nearly 1 in 10 Americans has been a victim and half of Americans fear that they will become victims at some time in their lives. This is a problem all people should worry about. Credit card fraud can happen to anyone, from college students to the elderly.

Common Types of Credit Card Fraud: In this day and age there are numerous ways for a person to commit an act of credit card fraud. Crooks are coming up with new scams every day. The Internet is the number one source of credit card fraud today. One of the main reasons that it is so easy to be

fraudulent online is that online transactions don't require a signature. All someone needs to purchase anything online is a credit card number and an expiration date. According to an article in Network Computing, it is so easy to steal credit card numbers because it is so hard to catch an intruder online. Some card numbers can be downloaded off of the Internet without the thief ever having to know or have contact with the victim. Another big problem with the Internet is the lack of security on web sites. Many of the sites claiming to be secure are not secure enough to protect consumers.

This makes it easy to steal thousands of card numbers at one time from an online business. It also doesn't help that several online companies keep credit card numbers in their databases that haven't been used in years. Credit card thieves recently targeted Egghead.com and several thousand credit card numbers were stolen. Many past Egghead.com customers were in shock when they got their monthly statement in the mail and found fraudulent charges. Many of these customers filed complaints claiming that Egghead.com should have deleted their credit card numbers from their databases after a reasonable amount of time. So many numbers would not have been stolen if the company disposed of old card numbers.

Another credit card scam that is also one of the newest is committed by help from a device called a skimmer. A skimmer is a black box that is about the size of a palm pilot with a slit down the front. When a credit card is swiped through the skimmer, the device reads and stores all of the data embedded on the card's magnetic stripe. This data includes the name, number, and expiration date that appear on the card's face, as well as an invisible, encrypted verification code that confirms the card's validity from the card

issuer. With this information, counterfeit credit cards can be produced that are identical to those ? real? cards that people carry around in their wallets.

? Dumpster Diving? is also a possible way for a thief to steal a person? s credit card information. This is when thieves go through the trash in the dumpster and search for discarded credit card statements, receipts with card numbers, and any other document that may contain any type of credit card information. Many of the crooks that ? Dumpster dive? will also steal a person? s wallet or mail. This type of theft is possibly the easiest of all. Crooks can fill out applications in other people? s names and have the card and bill sent to an address that is at a vacant house. Thousands of dollars could be charged up before the credit card Company would discover the problem.

The telephone is also a way for crooks to con people into divulging their credit card information. The elderly are a common target for this type of scam. Callers claim that the victim has won something such as a cruise or a new car and that they need to provide a valid credit card number to claim their prize. After the victim gives up the information and hangs up the phone, the crook uses that information to go on a shopping spree. The poor victim not even realizing what has happened.

How to avoid becoming a victim of credit card fraud: A lot of the fraud that does occur is sometimes due to the carelessness and ignorance of the cardholder. There are several things that individuals can do that will help them in the prevention of being a victim. Some of the tips to prevent becoming a victim are: Do: 1. Sign your cards as soon as they arrive.

2. Carry your cards separately from your wallet, in a zippered compartment, a business card holder, or another small pouch.
3. Keep a record of your account numbers, their expiration dates, and the phone numbers and the addresses of each company in a secure place.
4. Keep an eye on your card during the transaction, and get it back as quickly as possible.
5. Void incorrect receipts.
6. Destroy carbons.
7. Save receipts to compare with billing statements.
8. Open bills promptly and reconcile accounts monthly, just as you would your checking account.
9. Report any questionable charges promptly and in writing to the card issuer.
10. Notify card companies in advance of a change in address.

Don't: 1. Lend your card(s) to anyone.

2. Leave cards or receipts lying around.

3. Sign a blank receipt. When you sign a receipt, draw a line through any blank spaces above the total.

4. Write your account number on a postcard or the outside of an envelope.

5. Give out your account number over the phone unless you're making the call to a company that you know is reputable. If you have questions about a company, check it out with your local consumer protection office or Better Business Bureau.

What to do if you become a victim of credit card fraud: People can do everything in their power to protect their credit card information but sometimes it just isn't enough. If someone loses their credit cards or if they realize they've been lost or stolen, that person should immediately call the issuer of each card. Many companies have toll-free numbers and 24-hour service to deal with such emergencies. By law, once a person reports the loss or theft, that person has no further responsibility for unauthorized charges. In any event, an individual's maximum liability under federal law is \$50 per card. If an individual does suspect fraud, he or she may be asked to sign a statement under oath stating that he or she did not make the purchases in question.

In Summary: The most important thing for one to remember about credit card fraud is that it can happen to anyone. It is important for one to follow the tips about what to do and not to do with a credit card and its information. When making purchases online, one should be careful about which companies he or she chooses to do business with and be sure to clear up all questions before making a transaction. Most importantly, one should be aware. Be aware of what is going on concerning the credit card account, especially any unauthorized charges. It is a good idea for a person to check their credit report every so often to be sure that no one is setting up

fraudulent accounts in their name. If one follows these tips, the chances of becoming a victim of credit card fraud may be very slim.