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Phone credit apps

by Gil Van Over

Identity theft continues to plague businesses and consumers. Meth heads, for example, realize how easy it is to steal someone's identity, how difficult it is to get caught and how limited the potential penalties are if they are caught. Plus, a stolen identity is the gift that keeps giving. If a thief steals your watch, he can sell it once. If a thief steals your identity, she can resell it a number of times.

Accepting credit applications over the phone without a solid plan, process and policy in place can help a thief to steal someone's identity without the victim ever stepping onto your premises. However, a process can be implemented to help limit your exposure when taking a credit application over the phone.

If you decide to accept credit applications over the phone, this procedure should be part of both your Safeguards and Red Flags Rule procedures.

Let me start by categorically stating that my personal opinion on a policy of accepting credit applications by phone goes along the lines of "No, no, no, no, no way, nope, nuh uh, not allowed."

However, my job is to help dealers find compliant solutions to their processes. Federal laws do not require a signed credit application to pull credit; prudent dealers want the signed credit application to prove they had the consumer's permission.

Plus, you really do not know who is calling. It could be your local "5 On Your Side" investigative news reporter trying to see how easy it is to steal someone's identity. It could be a meth head trying to confirm that the identity he has just stolen is worthy of selling. It could be Bozo the Clown.

Also, most dealers now have a secured website. Consumers can be directed to the website to submit the application. Many dealers utilize a lead service. Consumers can be directed there. More than a few dealers have the policy, "On our website or on our lot."

But, if you are still convinced that you need to accept credit applications over the phone, consider implementing the following procedures:

Script It

Develop a script that gathers the necessary information and require that it be used every time. The information gathered from the consumer must be written on the script and given to the appropriate manager to run the credit report.

Start the script by stating that the conversation may be recorded for training purposes. Even if you don't record the conversations, this simple statement may run off an identity thief. Make sure that this attempt, and your successful thwarting of this attempt, is lodged in your Red Flags Rule documentation.

Ask for mother's maiden name twice. Once at the beginning, again at the end. If the consumer gets agitated after answering the question correctly the second time, simply explain it is part of your attempt to ensure that an identity thief is not trying to steal her identity.

Specifically ask for permission to check the applicant's credit for the purpose of purchasing or leasing a vehicle.

Finally, make sure the script includes the appropriate federal disclosures. You can find these disclosures on any legitimate credit application.

Get Out of the Wallet

Next, subscribe to software that provides out of wallet questions. These are the types of questions that an identity thief does not find in someone's wallet or in a victim's credit report. Questions about the balance of a credit card or the date a driver's license was issued are not out of wallet questions.

These software services access hundreds, maybe thousands of public databases and generate up to six questions from those databases that are not tied to information in the credit report. When taking these tests, I have been asked for house numbers to street addresses that I lived at in the nineties. This information is not in my credit report.

Require that the applicant successfully pass this software verification before pulling a credit report. Print a copy of the identity validation from the software and attach it to your script.

Don't Tell

Do not share any information about the credit report to the applicant over the phone other than to come in and look at your inventory.

Submission

Submit the credit application to your standard sources so that it does not appear that you made a credit decision.

Keep It

Treat the application just as you would any other credit application you accept. If you do not do the deal, file and retain the credit application script and the identity

verification print-out for five years in the event the consumer tries to claim you did not have permission to pull a credit report.

Get a Signature

If you end up doing the deal, make sure you get a signed credit application and appropriate identification from the consumer when she takes delivery.

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