Credit Bureau Inquiry Red Flag and Out of Wallet Questions

With the advances in technology and the ease of finding information, identity theft is a rising concern. A recent Identity Fraud Study found that total identity fraud reached \$16.9 billion (USD) in 2019.¹

If a red flag alert is returned by the Credit Bureau Inquiry Red Flag product, Out Of Wallet can be used to help confirm the consumer's Identity. Out of Wallet will return 3-5 multiple choice questions that are specific to that consumer such as past residence, past employers, consumer's car or credit accounts, etc. The answers to these questions cannot be found in a consumer's wallet if lost or stolen.

Background

A **red flag** is a pattern, practice, or activity that indicates a possibility of identity theft. These flags produce a three digit score (0-999) that calculates the customer's fraud risk through the credit report. A higher score indicates a lower risk of identity fraud.

Red Flag Alert examples include address discrepancies, Social Security number discrepancies, or information provided by the applicant is inconsistent with information on the consumer in the credit file.

On January 1, 2011 the Federal Trade Commission began enforcing the Red Flag Rule. The rule requires dealers who originate or maintain retail sales and lease transactions to implement a <u>written</u> identity theft prevention program. This program must include processes on how to detect Red Flags, how to respond to Red Flags as well as training, monitoring, and audit components. In addition, dealers must have a Compliance Officer that oversees the program.

¹ Pascual, Al, Kyle Marchini, and Sarah Miller. "2019 Identity Fraud: Fraud Hits an Inflection Point." *Javelin Strategy & Research*. Javelin, 2019.





ERA-IGNITE Security Maintenance

The following access is required in order to utilize the Out of Wallet feature.

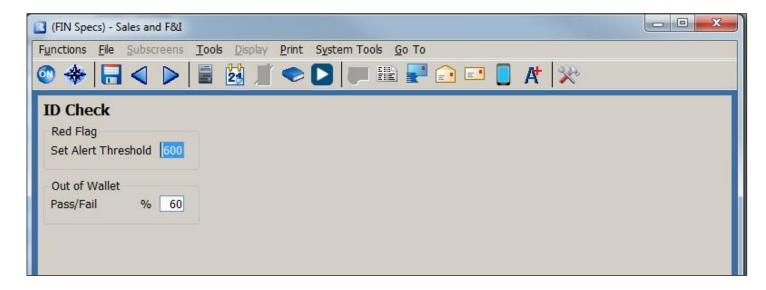
F&I/Desking > Actions > CBI Out of Wallet.

Description	Permission	User Group
Add a Deal		
CBI Add New Inquiry	✓	
CBI Delete Inquiry/Report	✓	
CBI Out of Wallet	☑	
CBI Transmit Inquiry/Report	✓	
CBI View Report	✓	

- Additional access is required to view the credit reports that contain the Red Flag scores and reports.
 - F&I/Desking > Access Types > CBI Credit Reports
 - F&I/Desking > Actions > CBI View Report

Setup

Specifications are maintained in F&I specs > Functions > Credit Bureau Inquiry > ID Check.



- Red Flag: This field controls the Red Flag score alert threshold; any score below the set threshold will display an alert.
 - i.e. A threshold of 600 will show an alert for anyone with a Red Flag score lower than 600.



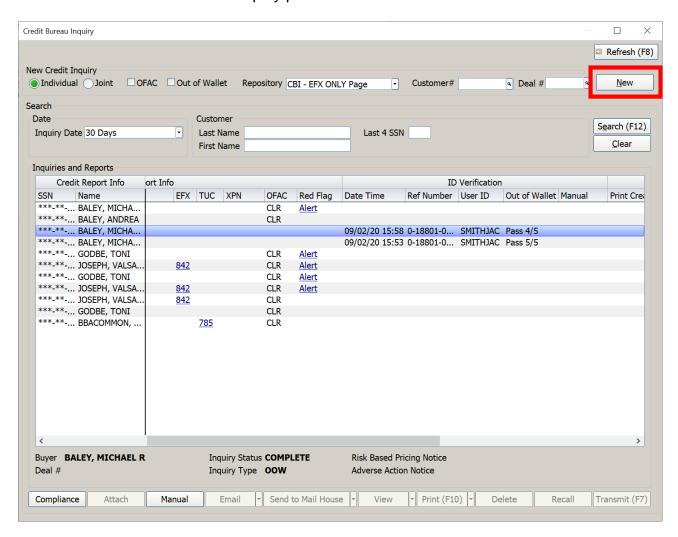


- Out of Wallet: The Pass/Fail field determines the passing score for the Out of Wallet questions.
 - o i.e. 60% means 3/5 questions were correct and the result is passing.

Credit Bureau Inquiry

The process to run a credit inquiry does not change.

- Select the Credit Bureau Inquiry icon from the Desking application.
- Click "New" to start the credit inquiry process.

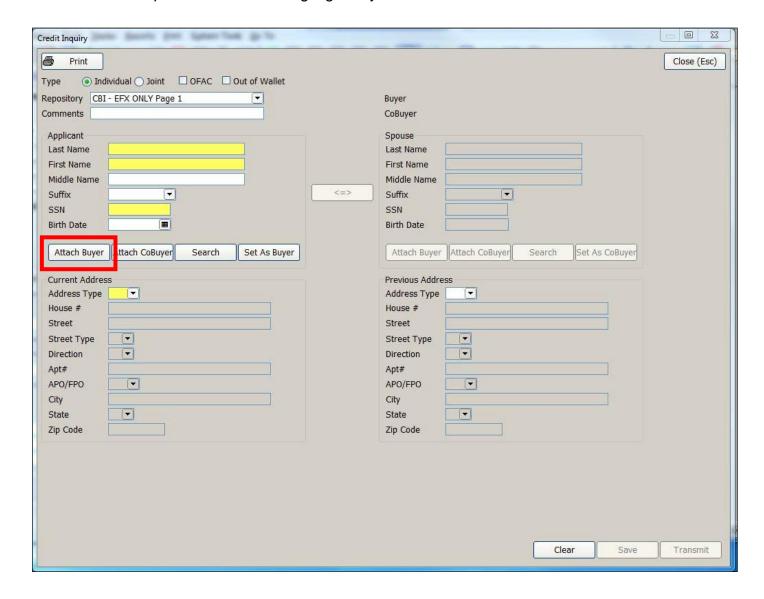


 If Credit Bureau Inquiry is accessed from the deal, the user can attach the customer by clicking "Attach Buyer."





- Verify or enter any missing customer information.
- o Required fields will be highlighted yellow.







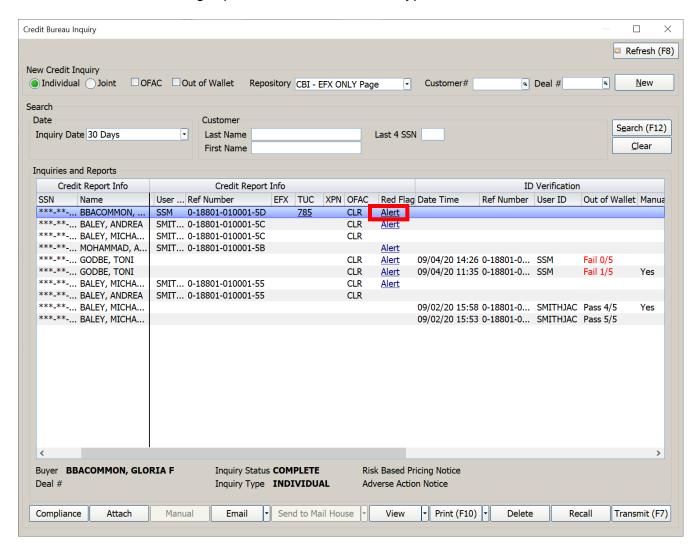
Click "Transmit" to send the information to be processed.

Credit Inquiry Credit Inquiry	1000000	X
● Print		Close (Esc)
Type ● Individual → Joint □ OFAC □ Out of Wallet		
Repository CBI - EFX ONLY Page 1 ▼	Buyer GODBE, TONI	
Comments	CoBuyer	
Applicant	Spouse	
Last Name GODBE	Last Name	
First Name TONI	First Name	
Middle Name	Middle Name	
Suffix ▼ <=>	Suffix	
SSN ***_****	SSN	
Birth Date	Birth Date	
Attach Buyer Attach CoBuyer Search Set As Buyer	Attach Buyer Attach CoBuyer Search Set As CoBuyer	
Current Address	Previous Address	
Address Type NM 🔻	Address Type 🔻	
House # 120	House #	
Street UPPERS SUS	Street	
Street Type	Street Type	
Direction	Direction	
Apt#	Apt#	
APO/FPO 🔻	APO/FPO 🔻	
City HOOKSTOWN State PA	City State	
State PA Zip Code 15050	Zip Code	
Lip code 13030	Zip code	
	China Color	T
	Clear Save	Transmit



Results of the inquiry are displayed in the **Reports** section of the Credit Bureau Inquiry home page.

- At least <u>ONE</u> of the following criteria will produce an "Alert" hyperlink:
 - The Red Flag report contains a Yes response to any of the identity risks.
 - The Red Flag score is below the threshold set within the specifications.
- To review the Red Flag report click on the "Alert" hyperlink.







Provider>

<ProviderID>RED</providerID>
<BureauStatus>000</BureauStatus>

<Score>484</Score>

RED FLAG REPORT

DATE: 07/10/2020 14:25:40

Applicant

First Name: Joseph DOB:

Last Name : Valsamma SSN: ***-**-7220

Address : 840 GEARING AVE, Pittsburg, PA, 15210

----- ID VERIFICATION SUMMARY ------

OFAC Check: PASSED NO MATCH

Red Flag Score: 484
Red Flag Validation: ALERT

- Applicant address could not be matched to applicant name using

other data sources

Synthetic Fraud Check: Low Risk

MLA: CLEAR, No Match to MLA Database

RED FLAG RISK: YES

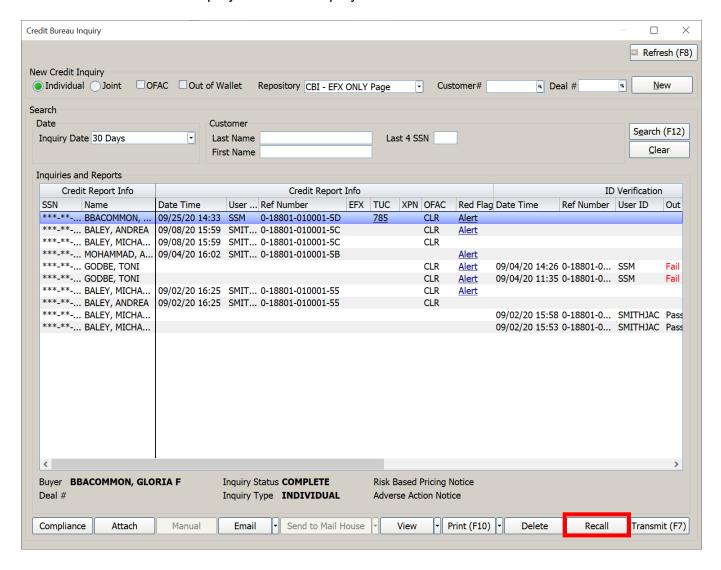
Id Verification: Quiz RECOMMENDED</TTYReport>

</Provider>



To Run Out of Wallet

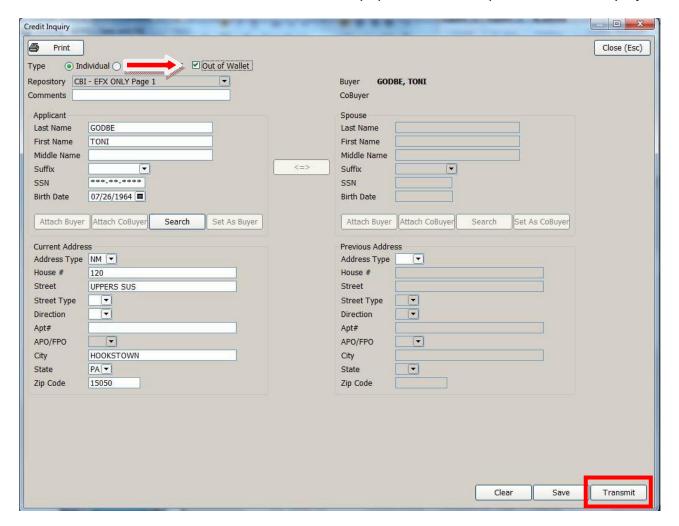
- From the Credit Bureau Inquiry home page, click on the customer's name in the Inquires section.
- Next, click on the "Recall" button.
 - This will display the credit inquiry screen.







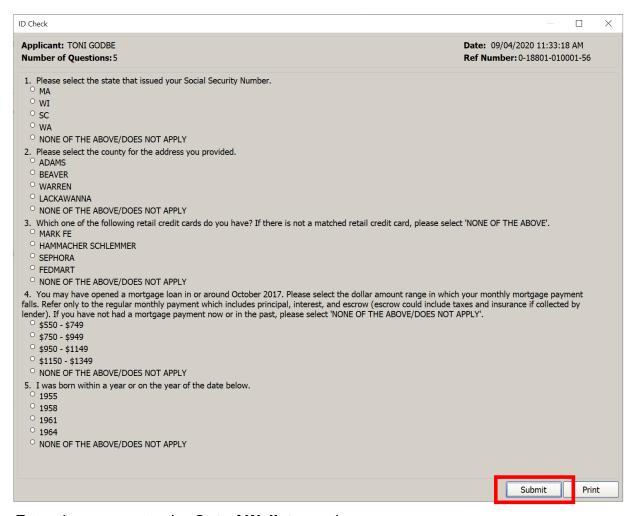
- Click to select the "Out of Wallet" checkbox.
 - All of the customer's information will populate from the previous credit inquiry.



- Click "Transmit" to start the ID check and generate the Out Of Wallet questions.
- The ID Check screen will appear with 3-5 randomly selected questions for the customer to answer.



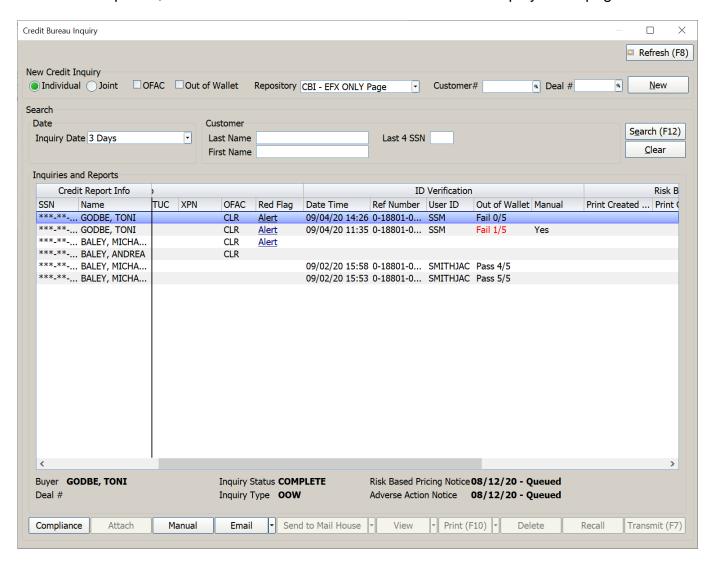




- Enter the answers to the Out of Wallet questions.
 - Click "Submit" to process the answers.
 - "Print" can be used to print out the questions to give to the customer for review.



Once completed, the user will be returned to the Credit Bureau Inquiry home page.



- One of three results will appear in the ID check section:
 - Pass
 - Fail The score of the Out Of Wallet questions is below the dealership's specifications.
 - Timed Out The Out Of Wallet questions will time out after 30 minutes.

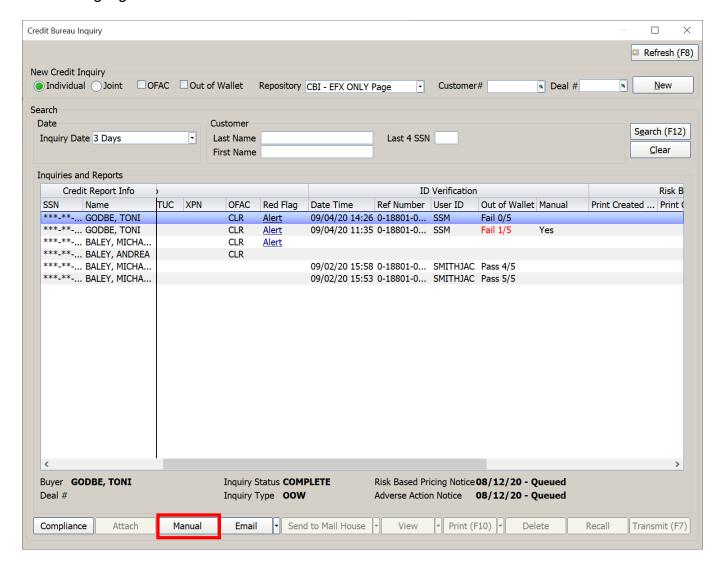
If the user fails or times out, a new set of Out Of Wallet questions can be requested or a manual check can be used to validate the customer's identity. **The dealership will be billed for each time a set of questions are requested.**





To Run a Manual ID check:

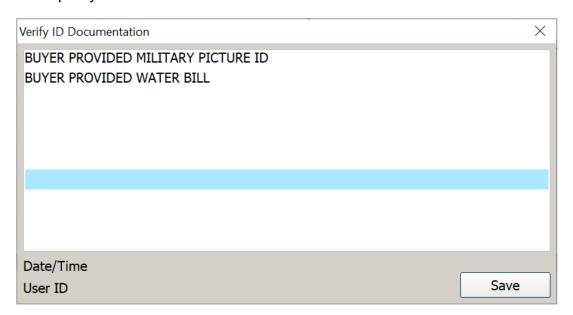
Highlight the desired user's row and click on the "Manual" button.



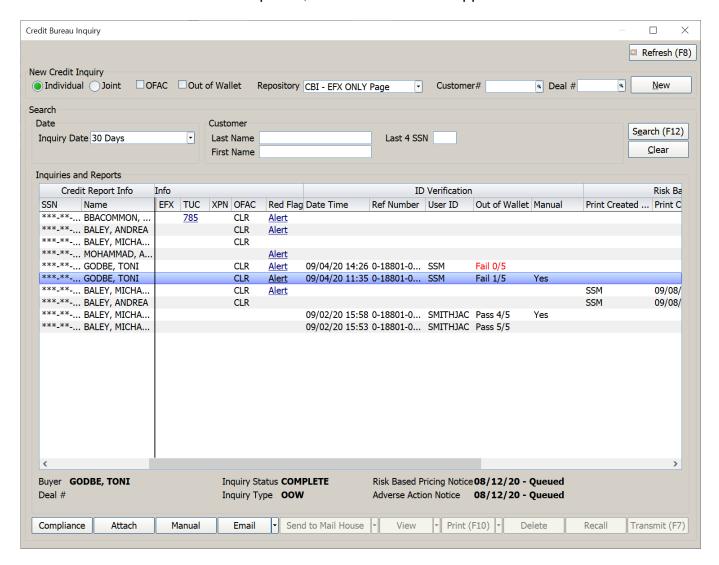




Similar to the deal notes screen from Desking or OFAC Due Diligence Notes, you can
document what items a customer brought to verify his or her ID. This notes screen will time
stamp any saved or deleted information.



Once the manual ID check is completed, the word "Yes" will appear in the Manual field.







Reports

All the action items for Out of Wallet can be found in Deal Manager in the **Credit and Compliance** section. This section of Deal Manager will read as follows:

Credit and Compliance							
EFX	EXP	TUC	OFAC	RF Score	RF Alert	oow	Manual ID
<u>759</u>	<u>779</u>	<u>825</u>	CLR	<u>694</u>	<u>Alert</u>		N/A

Further explanation of the report and its columns can be found below.

Column Name	Meaning	Hyperlink Reflex
Red Flag (RF) Score Red Flag (RF) Alert	Displays the red flag score N/A = No credit report attached and deal category of Dealer Trade, Wholesale or Fleet Place	! directs user into the drill and opens the CBI screen on top 0-999 directs user into the report Alert hyperlink directs user to the Red Flag Report
Out of Wallet (OOW)	attached to the deal OR a Red Flag alert does not exist in the report Displays results of the out of wallet	n/a
	questions Pass = user passed Fail = user failed Timed Out = attempt had timed out N/A = OOW was not recommended OR OOW was recommended but Manual ID is set to Yes ! = OOW was recommended and Manual ID is not set to Yes	
Manual ID	Displays whether ID was manually verified if buyer/co-buyer fails OOW questions • N/A = OOW was not performed OR OOW result is	☑ will drill into the Verify ID modal and display any notes entered to identify client

