What Is Credit Monitoring *Really*?

Hopes and Prayers in a Subscription Box

When a company exposes your data in a breach, they'll often offer you "protection." Usually a free year of credit monitoring. This service is powered by Experian, Equifax, or TransUnion, or perhaps white-labeled by players like LifeLock.

But despite the big names and marketing this isn't protection. It's performance.

Credit monitoring doesn't prevent identity theft. It just tells you after the damage is already done.

This is breach response as ritual. It does nothing to mitigate your risk.

Why Is It the Default Offer? Cheap PR

It's offered because it's easy, not because it's effective.

- **Costs the company** between $2 and $10 per person, per year.
    - In fact, credit bureaus make so much on the upsell they could probably afford to pay companies to offer it.
- No operational changes required. Just hand the mess to a vendor and move on.
    - **Review internal security protocols? Why bother?**

This isn't protection. It's a **PR maneuver**:

> "*We care about your privacy! See? We did something*."

Meanwhile:

- Fraud still happens.
- The breach remains unpatched.
- The **data broker pipelines stay open**.

This is the hopes-and-prayers economy for your identity.

Who Actually Profits?: The Credit Bureaus

The same companies that trafficked your data. And likely sold parts of the very profile that was later breached. Now they want to sell you the chance to watch it drift through the dark web.

They didn't just fail to protect your identity.

They monetized the breach, then monetized your fear of what might happen next.

This is the surveillance economy in full circle. You're still the product.

Here's the Grift:

- **Bulk Deal Revenue**
  - They get paid by breached companies to offer you "free" credit monitoring.
- **Ongoing Upsells**
  - After the free year? You're funneled into premium subscriptions at $20–$30/month.
- **Fresh Data Harvesting**
  - Enrollment gives them updated info: contact, employment, phone, SSN validation. Now resellable.
- **Reputation Laundering**
  - They profit from your exposure. Then rebrand themselves as your protector.

Credit monitoring isn't a wall. It's a toll booth.
You're paying twice. First with your data. Then with your wallet.

What Credit Monitoring Really Delivers

The Marketing Claim	The Reality
"Protects you from identity theft"	Alerts you *after* fraud has started. Not before
"Includes reimbursement if you're a victim"	Rarely pays out. Riddled with exclusions, loopholes and fine print.
"Free monitoring is generous"	Costs companies about $1 per victim. Fewer than 10% even enroll. GAO
"It's a one-time fix"	Most identity theft occurs months or years after the breach.
"Better than nothing"	Not really. This illusion keeps people from better, proven protections.

“*Credit monitoring isn’t security. It’s theater.*
And the house always profits.”

Credit Freeze: Why Bureaus NEVER Promote

Credit freezes are:

- **Free** (since Congress mandated it in 2018. A direct response to the Equifax breach.)
- **More effective** at stopping new account fraud
- **Endorsed by** FTC, Consumer Reports, and nearly every credible expert
    - FTC Info on Credit Freezes, FrozenPII.com

So why aren’t credit freezes the default recommendation after a breach?

Because they interfere with the business model.

Here's Why the Bureaus Stay Silent:

⚫ They block data sales
Freezing your credit shuts down pre-screening, marketing triggers, and a range of behind-the-scenes data flows. That makes **you less profitable**. And they know it.

⚫ They kill the upsell funnel
A frozen credit file removes the urgency that drives people to buy expensive monitoring. And monitoring is the **real product**: A subscription pipeline worth hundreds per person per year.

⚫ They don’t generate revenue
Congress forced freezes to be free with 2018 legislation. No profit, no push.

“*The bureaus don’t promote credit freezes because freezes work too well. And work against their business model.*”

“We’ll Reimburse You!” (The Insurance Illusion)

You’ve seen the ads: “Up to $1 million in ID theft reimbursement!”

Here’s the fine print they don’t advertise:

- Only covers **documented out-of-pocket losses** — not time, stress, or lost opportunities
- The claims process is:
    - Opaque

    - Burdensome
    - Often denied due to “technicalities” (late reporting, didn’t use the right feature)
- **There are no independent audits** showing meaningful or consistent payouts
- Anecdotally, and in our own client experience, **we’ve yet to meet a victim who’s actually been reimbursed**

- **It’s really hard to prove that identity theft directly caused specific financial loss.** And when it *is* clear-cut (like fraudulent charges), your **bank or card issuer usually reimburses you anyway.**

> “*It’s not real insurance. It’s a marketing slogan with a deductible. And fine print that always favors the issuer*.”

The System Is Built To be Broken

- Breached companies shift liability with **cheap placebo protections**
- Credit bureaus profit from **the breach economy** on both ends
- Consumers pay **subscription fees to survive the system that exploits them**
- And one particularly effective tool, **credit freezes,** is buried, ignored, and made just inconvenient enough to discourage use

Our Take

At ObscureIQ, we don't sugarcoat:

> “*Freeze your credit. Credit monitoring is the illusion of safety. It's engineered to monetize your vulnerability.*”

It's not that credit monitoring has zero value, it's that the value is small and it's marketed as large. It's that there are better ways to spend your time and money.