

H&R Block Doesn't Block Identity Theft

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Financial giant H&R Block's TaxCut software is designed to help users avoid nasty surprises when calculating their taxes. But many past and present customers of Block were surprised in a different way recently, as they received unsolicited copies of TaxCut in packages that prominently displayed their Social Security number (SSN) on the outside.

The recipient's SSN is embedded in a string of numbers printed on the shipping label, and many confused individuals had received a notice about the error long before they received the package. Some haven't received any package at all.

ConsumerAffairs.Com has received numerous complaints from readers who have been notified of this error by H&R Block. "I haven't received [the software], and I have no idea who has this package with my [SSN]," writes Madie from Alvin, TX.

H&R Block has published a Web site -- www.taxcut.com/answers -- detailing the error. As Sara from Brooklyn, New York points out, the description of the problem actually makes it worse, and may encourage identity thieves to decipher the SSN's embedded in the mailing information.

"The Web site addresses a huge disparity in the mailing process used to send the software," she says. "The software, sent via third class mail, may not reach the 'consumer' until after the receipt of the letter notifying the consumer of the issue. This essentially advertises the mistake to the general public, and puts [everyone who receives] this software at risk."

Sara received both an unsolicited copy of H&R's TaxCut software and the letter notifying her of the error. "Worst part -- I have not used H&R Block in at least 3 years."

Unfortunately for Sara, 3 years is the amount of time tax preparers are required to keep information by the IRS. According to H&R Block, they only keep the information in "electronic form," which could easily lead to fraudulent attempts to access tax records if a thief was able to obtain a customer's SSN.

Not only that, H&R Block explains exactly how the SSN is hidden in the package label in its warning: "The nine digits of your SSN were embedded in a long string of characters that made up the source code for the TaxCut mailing. Although you would recognize your own SSN in such a string, it was not formatted in a way that would make it stand out or make it obvious to others that it was an SSN."

Although the possibility that identity thieves could pick out user SSNs from the random string is not great, it exists nonetheless.

Enterprising fraudsters who might have received the CD by mistake could take the intended recipient's name and use one of the many public search engines to track them down and get more information on them.

And because H&R Block mailed these CD's to their customers' last known addresses, there may be hundreds of them unaccounted for. As H&R Block admits they were targeting former customers -- who may have moved since last using the company's software -- the potential for abuse is great indeed.