

Identity-theft security firm LifeLock fined \$100M for lapses

December 17 2015



Federal Trade Commission chair Edith Ramirez, seen January 15, 2014, said December 17 2015 that the failure of identity-theft protection firm LifeLock to protect consumer data was "particularly troubling" as she announced a \$100 million fine

A company which sells identity-theft protection services agreed Thursday to pay a fine of \$100 million for failing to protect consumer data in the largest settlement on record, officials said.

The US Federal Trade Commission said its settlement with LifeLock came after the company failed to comply with a 2010 federal court order requiring it to secure consumers' personal information and prohibiting deceptive advertising.

It is the largest monetary award obtained by the commission in an order enforcement action, the FTC said.

"This settlement demonstrates the Commission's commitment to enforcing the orders it has in place against companies, including orders requiring reasonable security for consumer data," said FTC Chairwoman Edith Ramirez.

"The fact that consumers paid LifeLock for help in protecting their sensitive personal information makes the charges in this case particularly troubling."

LifeLock charges customers between \$10 and \$30 month to monitor the Internet for information that could lead to identity theft.

It claims to scan "a trillion data points" daily for threats and offers a \$1 million guarantee, according to its website.

A company statement Thursday said the settlement would "enable LifeLock to move forward with a singular focus on protecting our members from threats to their identity."

It said the allegations by the FTC related to ads and practices that have been discontinued.

"There is no evidence that LifeLock has ever had any of its customers' data stolen, and the FTC did not allege otherwise," the statement said.

Under terms of the settlement, the company will pay \$100 million which may be used to reimburse customers claiming they were deceived by LifeLock. Some \$68 million of the total will be paid to participants in a class-action lawsuit.

The FTC and others claimed LifeLock made false claims about safeguarding the personal information it collects from customers, including "falsely advertising that it protected consumers' sensitive data with the same high-level safeguards as financial institutions."

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