

Unemployment Insurance Fraud: What You Need To Know and How To Protect Yourself

Unemployment insurance fraud (also called UI fraud or unemployment benefits fraud) is nothing new — arguably, it goes back to the beginning of unemployment benefits themselves. But over the past two years, the rate of unemployment benefits fraud has exploded. As a result, millions of people are now left dealing with the effects of identity theft and fraud.

As with any threat, it's important to understand how UI fraud happens, how to keep your personal information — from falling prey to it, and what to do if you do become a victim.

What Is Unemployment Insurance Fraud?

UI fraud happens when someone knowingly collects unemployment benefits by providing false or inaccurate information when they file a claim. This can look like:

- Returning to work but continuing to collect unemployment benefits
- Working a part time or temporary job without reporting those earnings when filing claims
- Withholding information or giving false information when filing claims, including the use of personal data obtained through identity theft

Unemployment benefits fraud is punishable by law: violators who are caught face serious consequences and penalties.

UI Fraud Has Escalated During the Pandemic

As a response to the economic turmoil caused by the COVID-19 pandemic, unemployment benefits programs were expanded and eligibility requirements were adjusted under the [CARES Act](#). State unemployment departments became overwhelmed with an influx of claims, struggled to navigate new rules using outdated systems, and ultimately had difficulty keeping up. This created conditions ripe for fraud.

The U.S. Labor Department inspector general's office has estimated that [more than \\$87 billion was paid out improperly through fraud or errors as of December 2021](#), though ultimately that number could turn out to be much higher once all instances of fraud are uncovered. And this doesn't include additional fraud that was caught by state unemployment departments before payments were sent out.

The Department of Labor has since established the [National Unemployment Insurance Fraud Task Force](#) and directed millions of dollars to combat UI fraud through fraud investigations and building new identity verification tools to prevent future fraud. But nevertheless, millions of Americans are left navigating the process of restoring their identity and their financial health after becoming fraud victims.

How To Know You've Become a Victim

Unfortunately, most people don't find out they are victims of UI fraud until the damage has already been done. People typically find out that they are victims of fraud when:

- They receive benefits-related paperwork in the mail that shows benefits they didn't apply for (such as Form 1099-G, used to report income from unemployment benefits)
- They get a call from their employer or a past employer saying an unemployment claim has been filed under their name
- They try to file a legitimate benefits claim and are subsequently denied

Additionally, many taxpayers learn they are victims of fraud only after they file their federal taxes and are alerted by the IRS that they didn't report all of their income. And some retired people have found out they were fraud victims only when the Social Security Administration alerted them their benefits were being reduced.

What To Do If You're a Victim of UI Fraud

While victims of UI fraud are not responsible for the benefits stolen in their name, they do experience delays in receiving legitimate benefits, are at risk for additional fraud and, unfortunately, are left to deal with the effects of fraud more or less on their own. And the process of reporting and recovering from fraud is not a quick or easy one — an investigation can take anywhere from several weeks to several months!

If you find yourself a victim of unemployment insurance fraud, start by doing the following:

- **Report the fraud to your employer and your state's unemployment office.** If false claims were made in more than one state, you'll need to contact each state individually. Document all case and confirmation numbers as well as the names of the individuals you speak to at the unemployment office. Alert your employer as well, if they are not already aware of the situation.
- **File a complaint with the Federal Trade Commission.** Visit the FTC's [identity theft website](#) to file a report and get information on additional best practices. They may also be able to help you with implementing fraud prevention tools such as pulling credit reports and closing fraudulent accounts opened in your name.
- **Contact each of the three major credit reporting agencies.** Contact Equifax, Experian, and TransUnion to put a fraud alert on your account and freeze your credit. A fraud alert requires any company trying to open new credit in your name to first verify your identity. A credit freeze makes it so no one (including you) can open new credit until the freeze is lifted. These steps can help deter further fraud and minimize damage to your financial health.

Following these steps is only the beginning. Unfortunately, recovering your identity and rebuilding your financial health after fraud is a long process.

Help Protect Yourself Against UI Fraud

To begin with, encourage you to:

- Regularly check your credit reports and financial statements.
- Watch for suspicious mail, phone calls, email, or social media requests.
- Look for warning signs, such as: offers from individuals or organizations promising faster unemployment benefits, requests from people offering money in exchange for personal information, or letters or emails indicating that new accounts or unemployment insurance benefits have been initiated in their name.
- Practice good digital hygiene by updating their passwords, using two-factor authentication, and avoiding oversharing information online or responding to suspicious requests.
- File their taxes promptly. Filing taxes becomes more difficult once a criminal files taxes in your name. Additionally, obtaining an IRS identity protection PIN can help prevent thieves from filing federal tax returns in your name.
- Only report their legitimate income on your taxes. The state should issue an updated 1099-G once a fraud report is filed.

To help protect yourself, consider enrolling in an Identity Theft protection plan from Securus ID. Their plans include identity theft education and protection as well as full-service recovery services.

Visit <https://educationminnesota.securusid.com> to enroll or learn more.

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