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From Times Online

May 14, 2010

'Shoddy security' leaves millions at the mercy of iTunes fraudsters

Apple accused of failing customers after hackers break into accounts 'with ease'



MONEY CENTRAL



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RECOMMEND?

Customers of iTunes are at risk of having their accounts hijacked, and thousands of pounds spent by fraudsters, because of poor security settings on the website, experts have warned. Apple has also been criticised for failing to help customers who have been victims of fraud and for refusing to publish sufficient warnings or information on how to minimise the risks.

The iTunes Store, where customers buy music and videos to play on their computers or iPods, is the largest music retailer in the world. However, stored credit card details and a log-in system with inadequate safeguards mean that millions may be at risk of fraud.

Victims say that dealing with Apple's customer services is an exercise in futility because it refuses to accept liability for fraud and instead shifts the responsibility to the customer's bank.

Clare Ellis, of South London, lost £150 after her iTunes account was hijacked last month. The 25-year-old first noticed the fraudulent transactions when they appeared on her bank statement. When she tried to log in to her iTunes account, it did not recognise her username or password. "Eventually I realised that someone must have taken over my account and changed my log-in details," she says. "It was frustrating because I didn't know what was going on. All communication with Apple is via e-mail — you cannot talk to anyone — and they were very unhelpful. They could not explain how or why my account had been hijacked."

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Ms Ellis became locked in a dispute with Apple in an effort to recover her money and adds: "Every e-mail from Apple ended with 'have a wonderful day and thank you for using iTunes', which was so annoying. It was like banging my head against a brick wall."

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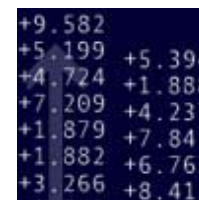
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She has yet to get back her money because she is waiting for her bank, Santander, to contact Apple's fraud department. Until the bank receives notification that the purchases were fraudulent, it will not refund the money.

Matt Bath, of Which?, the consumer organisation, says: "When you discover that someone has been using your account fraudulently, you want to get it resolved as quickly as possible. The last thing you need is to find yourself stuck in a game of e-mail tennis. We would expect better from such a well-known brand as Apple."

So how can a fraudster gain access to somebody's iTunes account? Ben Smyth, a researcher at the University of Birmingham, says that the easiest way is simply by guessing the customer's security questions. "When you set up an iTunes account, you are asked to provide a security question and answer, in addition to the standard username and password. The question and answer are then used to identify customers who have forgotten their password.

Mr Smyth says: "Unfortunately, people tend to use very obvious security questions, such as 'what's my favourite colour?', which is easy to guess. People also post so much information about themselves on Facebook and Twitter that questions such as 'where was my honeymoon?' are easy to find out."

Customers who have forgotten their iTunes password are directed to iforgot.apple.com, where they type in their username (usually their e-mail address) and are asked for their date of birth and the answer to their chosen question. This might be "What's your favourite TV show?" or "What is your mother's maiden name?". If fraudsters have access to these three pieces of information, they can reset the password, locking the victim out of their own account. If customers store their card details on their account, fraudsters only need their three-digit security code before spending thousands of pounds on music, videos and other Apple products. Meanwhile, victims cannot access any of their own purchases.

"Your card security code is not secret," says Mr Smyth. "It can be learnt by friends, family and merchants simply by the way we



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live our lives. Fraudsters who have no contact with the victim can also acquire the number – for example, by third-party data losses or by malware viruses such as key-loggers (which capture passwords as they are typed). Also the iTunes '1-click' function, where users can make instant purchases without re-entering their card details, means the security code must be stored on the computer or server."

Ross Anderson, a professor of security engineering at the University of Cambridge, says: "A lot of e-commerce websites have truly awful security, and this is particularly serious when they store your credit card details for convenience. If crooks can guess passwords or password-recovery questions for such a site, they can easily spend your money. Many retailers, such as iTunes, do not have enough security warnings or information on fraud for their customers.

"To make matters worse, when a victim complains about fraud, the bank and the merchant continually pass the buck and blame the victim for the effects of their badly designed systems."

A study published last year confirmed that common security questions asked by sites such as iTunes were easy to guess. Serge Egelman, a researcher at Brown University in the US, who co-wrote the study, says: "For user-written questions and answers, we categorised roughly 25 per cent as vulnerable to family members, friends or co-workers, and another 15 per cent as guessable within five tries with no knowledge of the victim. Relying on these questions to authorise users is fundamentally insecure."

Andrew McAuley, 48, had his iTunes account taken over by fraudsters in 2008. His username and password were changed and \$4,000 was spent on his account using his stored debit card details. "Bizarrely, every single transaction was to buy the same song, so I suspect that it was someone making money from royalties," says Mr McAuley, who lives in West London.

"Apple would not refund the money and I still have no idea how my account was compromised. Eventually my bank agreed to refund the money, but it took me a year to get it all back."

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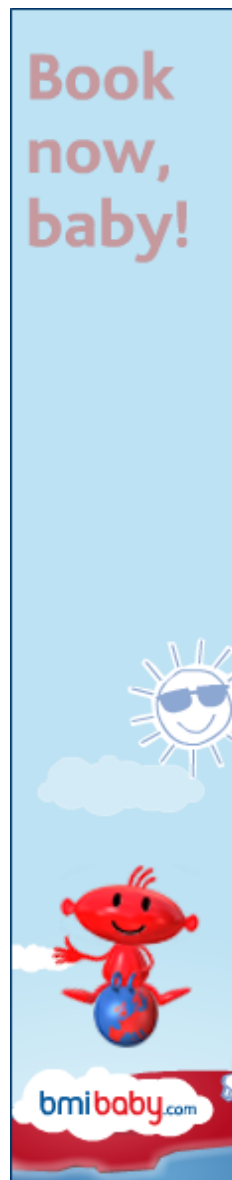
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Last June police arrested ten people for using stolen credit card details to buy their own music from iTunes and Amazon.com to make money from royalties. Over four months the gang instigated music sales of \$750,000 (£510,000), using 1,500 compromised UK and US credit cards. Apple and Amazon, who were unaware of the fraud, paid the criminals \$300,000 in royalties.

Guessing security answers is not the only way that fraudsters can take over an iTunes account. Phishing, for example, is where victims receive an e-mail asking them to click on a link that leads to a fake Apple website, where they are asked to enter their details. These are captured by fraudsters. Computer malware (viruses) known as Trojans can install a keystroke-logger that captures everything a victim types, allowing fraudsters to learn passwords and other personal information.

Times Money asked Apple several specific questions about why its systems appear vulnerable to fraud, which the company refused to answer. Instead, a spokeswoman gave this statement: "If your credit card or iTunes password is stolen and used on iTunes, we recommend that you contact your financial institution, cancel the card and issue a chargeback for any unauthorised transactions.

"We also recommend that you change your iTunes account password immediately."

Any iTunes customers concerned about the security of their account can pay for their transactions using a pre-paid iTunes gift card, available in high street shops, supermarkets or online, instead of a credit or debit card.

To delete your card details from your iTunes account, go to "Account Info", click "Edit Payment Information" and select "None" from the list of credit card types. This will delete your billing information. Click the "Done" button at the bottom of the page to save your changes.

It is also essential to install anti-virus software on your computer to avoid Trojan attacks that can capture your password details. "There are numerous commercial products available on the

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market, but there are also free alternatives, such as AVG's Anti-Virus Free Edition, which is available at free.avg.com," Mr Smyth says.

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