



### Tips for Debit Card Safety

- Immediately sign the back of your card when you receive it.
- Treat your card like cash. Keep it in a safe place.
- Thoroughly review and balance your checking account statements.
- If you have been given a PIN (personal identification number), memorize it — never write it down.
- When choosing a PIN, avoid obvious choices such as your date of birth or telephone number.
- Never carry your PIN with your card.
- Do not tell anyone your PIN.
- When entering a PIN, position yourself to shield the keypad so that others cannot observe your numbers.
- When you no longer need your receipts or statements, don't simply discard them — shred them.

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# Debit Card Holds



## Is your account balance available to you?

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## What is a debit card hold?

When you use a debit card, the store clerk usually contacts the credit union that issued your card to get an authorization. When the approval is given, the balance in your checking account is reduced or “blocked” by the amount of the purchase. This is known as a **pre-authorization hold**. The merchant determines the amount of the hold. Your credit union establishes the length of time the hold remains in place. Typically the hold stays on your account until the funds are transferred to the merchant from your credit union, often three to four days. If you look at your account online, it may show as a pending transaction. Since transactions done with your PIN (personal identification number) are processed on the same day, they do not require a hold.

## How can a debit card hold create problems?

In a few situations, the dollar amount of the transaction is unknown when an approval is given. This may happen when you check into a hotel room, rent a car\*, pay for gas at the pump or use your debit card to pay for your meal at a restaurant. In each of these transactions, the merchant may get an approval for a higher (estimated) amount — allowing for a tip, room service, additional or higher purchase amounts.

Let’s say you have \$60 in your account when you use your debit card to pay for gas at the pump. Since the purchase amount is unknown when you insert your card, the merchant requests an authorization for \$50. The authorization causes a hold to be placed on your account for \$50 and your available balance is reduced to \$10. If you only purchased \$20 in gas, you may believe you have \$40 available in your account. Unless you understand how a hold affects your account, your debit card could be declined in future transactions. This can be embarrassing and inconvenient. It could also be costly. If checks or other transactions are processed before the hold is released, you may overdraw your account and incur overdraft fees.



## How can you avoid these problems?

When you use your debit card in a situation where the merchant may estimate the charge (hotels, car rental\*, paying for gas at the pump, restaurants), the following tips may help you avoid some frustration:

- When a business asks for your card in advance of service, ask if the company will request a pre-authorization hold, the amount of the hold, and how the amount is determined. Be sure the hold won’t exceed your account balance.
- Pay the charges with the same card you used at the beginning of the transaction. Ask the clerk when the hold will be removed.
- Prior to making a purchase that will involve a payment with a different card, by cash, or by check, inform the clerk of the different form of payment and inquire about their policy on reversing holds.
- Ask your credit union if they offer an overdraft line of credit or another product that will cover overdrafts. Learn how it would work and how much it costs. Look for a plan that automatically covers the overdraft and does not involve a separate decision by the credit union as to whether or not to pay the overdraft each time. There may be a fee or interest charged on this plan. However, the cost is usually less than an overdraft charge and the item would be paid.
- Use your PIN when paying for gas at the pump or pay inside.
- Use your PIN (if allowed) or consider using another method of payment (cash, check or credit card).

\* Many rental car companies will not accept debit cards.