

Credit and debit card blocking

Have you been told you are over your credit card limit, or had your debit card declined; even though you know you have available credit or money in your bank account? If this happens shortly after you stayed in a hotel or rented a car, the problem could be card “blocking.”

What is blocking?

When you use a credit or debit card to check into a hotel or rent a car, the clerk usually contacts the company that issued your card to give an estimated total. If the transaction is approved, your available credit (credit card) or the balance in your bank account (debit card) is reduced by this amount – this is called a “block.” Some companies also call this placing a “hold” on those amounts.

Here is how it works: Suppose you use a credit or debit card when you check into a \$100 a night hotel for five nights. At least \$500 would likely be blocked. In addition, hotels and

rental car companies often add anticipated charges for “incidentals” like food, beverages, or gasoline to the blocked amount. These incidental amounts can vary widely among merchants.

If you pay your bill with the same card you used when you checked in, the final charge on your credit card, or final amount on your debit card, probably will replace the block in a day or two. However, if you pay your bill with a different card, or with cash or check, the company that issued the card you used at check-in might hold the block for up to 15 days after you have checked out. That is because they were not notified of the final payment and did not know you paid another way.

Why blocking can be a problem

Blocking is used to make sure you do not exceed your credit line (credit card) or overdraw your bank account (debit card)

before checking out of a hotel or returning a rental car, leaving the merchant unpaid. Blocking is sometimes used by restaurants for anticipated sizeable bills (like large groups at dinner or a party), by companies cleaning your home, and other businesses to ensure credit or account money will be available to complete payment.

If you are nowhere near your credit limit or do not have a low balance in your bank account, blocking probably will not be a problem. But if you are reaching that point, be careful. Not only can it be embarrassing to have your card declined, it also can be inconvenient, especially if you have an emergency purchase and insufficient credit or money in your bank account. On debit cards, depending on the balance in your bank account, blocking could lead to charges for insufficient funds while the block remains in place.

How to avoid blocking

To avoid the aggravation that blocking can cause, follow these tips:

- When you check into a hotel or rent a car, or if a restaurant or other business asks for your card in advance of service, ask if the company is “blocking,” how much will be blocked, how the amount is determined, and how long the block remains in place.
- Consider paying hotel, motel, rental car, or other “blocked” bills with the same credit or debit card you used at the beginning of the transaction. Ask the clerk when the prior block will be removed.
- If you pay with a different card, by cash, or by check, remind the clerk you are using a different form of payment and ask them to remove the prior block promptly.

- Ask your current debit card issuer if they permit blocks, for how long, and from what types of merchants. If they do, you may want to consider getting an overdraft line of credit from your bank. Ask about a plan that automatically covers the overdraft and does not involve a separate bank decision on whether or not to pay it each time. Although you might incur some interest on this plan if you do not pay off the amount fairly quickly, you would not have an overdraft that is not paid. Ask your bank if they offer an overdraft line of credit, how it would work, and how much it costs.

In addition, if you are considering a credit or debit card, shop around. When comparing credit and debit card offers, ask issuers if they permit blocks, for how long, and from what types of merchants. You may want to consider an issuer that uses shorter blocks.

For more information

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

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