Frequently Asked Questions – Debit Card Holds

What is a debit card authorization hold?

When you use your VISA Check Card to conduct a Signature or “Credit” transaction (i.e., you do not enter your PIN), the merchant sends the Credit Union the amount, usually the purchase total, for authorization. This amount is placed on hold and removed from your available balance immediately. The hold is released after approximately 72 hours or when the transaction clears, whichever comes first. The hold helps determine the available balance on your account.

Will debit card authorization holds apply to all my purchases?

No, debit card authorization holds only apply to VISA Check Card transactions when you sign your name or do not enter a PIN. For example, a VISA Check Card purchase made at a restaurant or with an online merchant would be treated as a Signature/Credit transaction and would be subject to an authorization hold.

Debit purchases and ATM withdrawals made using a PIN subtract the funds immediately from your account (except for when you use your PIN at a gas station).

What is the difference between my actual balance and my available balance?

Your available balance reflects any authorization holds or deposit holds and is used by the Credit Union to determine available funds when transactions attempt to clear your account. The balance the Credit Union uses as transactions clear is called your available balance and includes all items that have cleared your account up to that point and reflects any items on hold. If your available balance is not sufficient to cover a transaction, the Credit Union may pay the item and charge you an overdraft fee. An overdraft fee may be charged even though your actual balance indicates a positive amount.

For more details on how your available balance impacts overdrafts, click here.

Why does the Credit Union utilize debit card authorization holds?

Using debit card authorization holds helps you better determine the funds you have available for use. This information will help you avoid non-sufficient funds (NSF) or overdraft situations. For example, you visit an ATM and see that your available balance is $100, you may decide to withdraw $60. Your actual balance may be $200 but $100 is on hold from a Signature/Credit transaction you made earlier in the day. If the debit card authorization hold for $100 was not on hold, your available balance would appear to be $200 and you may have withdrawn an amount (above $100) that would place the account in an overdraft situation when your earlier transaction posted to the account.

Does the Credit Union utilize debit card authorization holds to generate more overdraft fees?

No. Debit card authorization holds are utilized so that you can check your available balance and obtain a more accurate picture of the funds that are available for you to spend.

Will the debit card authorization hold always equal the exact amount of my transaction?

No. Some merchants, especially gas stations, hotels and sometimes restaurants, will preauthorize an amount that is higher or lower than the actual purchase amount. For example, gas stations preauthorize transactions for amounts ranging from $1 to $100 because they do not know how much gas you will actually pump in advance of your transaction. If they preauthorize $75, the Credit Union will place a hold for $75 even if your actual transaction is only $45.
How can I reduce the impact of debit card authorization holds?

You can use your VISA Check Card and select “Debit” and enter your PIN. Or, if you are unable to conduct a PIN/Debit transaction, you can use your Credit Union credit card to conduct the transaction and avoid the authorization holds.

What is a gas station or fuel hold? How does this differ by transaction type?

For Signature/Credit transactions, a $1 authorization is processed to check your card, followed by the finalization of fuel pumped for the full amount which posts to your account. Once the finalization is posted the $1 hold drops. VISA requires the hold to be released within three (3) business days.

For PIN/Debit transactions, merchants determine the dollar amount of funds held. VISA allows up to $100, most merchants add $50 to $85, but the amount changes at the merchant’s discretion due to fuel costs and larger tanks on vehicles. Most merchants post signs at the pump stating their practice. VISA allows merchants a maximum of two (2) hours for sending the finalization of the PIN/Debit transaction. When the finalization posts, the hold is removed from your account.

What is a travel hold?

When you use your VISA Check Card to make reservations in advance, hotels generally will preauthorize an amount equal to an overnight stay, or more, depending on the length of your stay. This will result in a hold on your account for up to 72 hours. When you actually arrive, the hotel will place another preauthorization, often larger than the cost of your stay to cover possible incidental expenses.

The authorized amounts will vary based on VISA maximum limits and the merchant should have a disclosure that informs you of the hold. These holds will not be removed until the finalization comes through or after a maximum of five (5) days.

One way that you can avoid these large holds is by using your Credit Union credit card for these types of transactions. Just be sure to pay down your credit card balance using the funds from your checking account.

When I make a purchase online or by phone using my debit card, is it processed as a credit or debit transaction?

Online and telephone VISA Check Card transactions are generally processed as Signature/Credit transactions because you do not have the option to enter your PIN. These types of transactions will create an authorization hold.

If the Credit Union places a hold on my account and then the transaction posts, is there a chance the Credit Union will subtract the amount from my available balance twice?

When merchants preauthorize an amount that is different from the final transaction total, there is a chance that the hold and the transaction will not match and the hold will not release. If the transaction does not match the hold, the hold will be automatically released in 72 hours.

Do all debit card transactions clear within 72 hours?

No. Some merchants will not send the final transaction to the Credit Union within the 72 hour timeframe of the hold. In these situations, the hold will drop off and the funds will appear to be available again,
however, the transaction still has to post to your account. Unfortunately, the Credit Union has no control over how quickly merchants process their transactions.

The best way to know the amount of funds you have available for use is to carefully track all of your transactions (including checks, automatic payments, deposits and VISA Check Card transactions).

**Can debit card authorization holds on my account be removed?**

It is not the Credit Union's policy to remove debit card authorization holds unless an error was made. If an erroneous hold was placed or there are extenuating circumstances that may warrant removing the hold, please contact the Credit Union.

**Does the Credit Union offer Overdraft Protection options?**

Yes. You can set up automatic transfers from another account or your Credit Union credit card if you do not have sufficient funds in your account to cover a transaction. An Overdraft Transfer fee will apply to each transfer. If your transfer account or credit card does not have sufficient funds, the transaction may be covered by the Credit Union's Overdraft Privilege program.

To learn more about the Credit Union's Overdraft Protection options, please click here.