

## Credit and debit card blocking

### Fast facts

- When you use a debit or credit card to pay for gas at the pump, a restaurant meal, check into a hotel or rent a car, the estimated amount of the transaction is usually “blocked” from your credit line or checking account balance immediately as a “pre-authorization”.
- At the gas pump, expect your card to be charged anywhere from \$1 to \$125 or more as a pre-authorization depending on the financial institution that issued the card.
- When renting hotel rooms or cars, ask representatives how much is being blocked on your card to avoid potential problems.
- In some cases, the amount blocked from your credit line or checking account balance may remain for several days, depending on the card or financial institution’s policies.
- When renting a car or hotel room, if you choose to pay your bill with the original card, the block is usually removed within a day or two once the final charge has been settled.

- When selecting a credit or debit card, ask the card issuer how long credit lines or account balances are blocked for transactions.
- If you pay your bill with a different credit card or cash, ask the representative if they can release the block or “authorization.”

### How card blocking works

When you use a debit or credit card to pay for gas at the pump, for a restaurant meal, check into a hotel or to rent a car, the merchant contacts the card issuer electronically with the estimated cost. If the card issuer approves the transaction, your available line of credit or checking account balance is reduced by this amount. This is called a “block” or “pre-authorization.”

At the gas pump or in a restaurant, this is usually a set amount in the range of \$1 to \$125 or more determined by the financial institution that issued the card being used. In the case of renting a car or checking into a hotel this could be much more depending on the length of use or stay. For example, suppose you use a debit or credit card to check

into a \$100-a-night hotel for five nights. At least \$500 would most likely be blocked on that card. In addition, hotel and car rental companies sometimes add extra anticipated costs for incidentals such as food, beverages, or parking. These amounts can vary widely among merchants.

If you pay your bill with the same card you used at the beginning of the transaction, the final charge will replace the block, typically within a day or two.

If, however, you use a different card, cash or check to pay for the final bill, the card issuer of the first payment method presented may keep the block on hold after you checked out of the hotel or returned the rental car. This occurs because the card issuer does not receive notice of the final charge and therefore, is not aware that the transaction has been completed by another method of payment.

These blocks ensure that card holder’s do not use their entire credit limit before checking out of the hotel or returning their rental car, leaving the merchant unpaid. Most card issuers have automated processes to release all blocks that have not been replaced by final charges after a

specific number of days. The number of days blocks are retained varies widely among card issuers. You will want to contact your card issuer directly to find out what their specific policies are.

## **Why card blocking can be a problem**

Consumers who are far below their credit limit probably will not be affected by card blocking. But for those close to their credit or account balance limit, card blocking can present problems.

For example, consumers who need to use their cards for emergencies may find that, because of a temporary block, they have no available credit left to use.

Consumers who pay for their hotel room or rental car with a different method of payment than originally presented may also have problems. They may find they do not have access to the blocked funds for several days, even though the bill has already been paid in full.

## **How to protect yourself**

If you do not want the embarrassment or aggravation that blocking may cause, you may want to:

- Find out how much will be held as a pre-authorization at the gas pump or in restaurant to ensure that your credit or account balance will remain above zero. Check if you can pay for gas inside to remove or reduce the pre-authorization amount.

- Consider paying for all hotel or rental car expenses with the same card you used at the beginning of the transaction.
- When you check into a hotel ask the representative how much is being blocked on the card and how that amount is determined.
- If you pay with a different payment method, ask the representative if they can remove the block or authorization.

## **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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**Madison WI 53708-8911**

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