



Nine Reasons Your Credit Card Was Declined

by

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Why Was My Card Declined?

We've all been there -- a perfect moment shattered by the disgrace of a declined credit card.

Maybe it was a flawless date -- romantic ambiance, carefree banter, flirty eyes -- ruined by that record-scratching moment when your waiter tells you in hushed tones that your credit card "didn't go through."

Or maybe it was that celebratory vacation halted by the aggravating inconvenience of a credit card paralyzed at the worst possible moment. Cruising around the south of France is not so possible when your card is denied at the rental car office. This hiccup might make you blush ... or blow a gasket.

Either way, these are cringe-worthy moments we'd all prefer to avoid. And we can. It's easy enough to sidestep these deflating episodes by employing a few practical tips. Here are nine reasons why your credit card issuer would freeze you out and what you can do to prevent these blunders in the future.

You Are Making an International Purchase

If you decide to book a last-minute deal to Europe, you need to make sure your credit company is in on the plans, too. If not, any international purchases could suspend your card.

"We recommend that customers alert us of their plans to travel internationally, and we will take that into account when monitoring for potential fraud," says Betty Riess, a spokeswoman for Bank of America.

Even an online purchase to a foreign country could raise an alert and stall your credit card, says Linda Sherry, director of national priorities at Consumer Action. Let's say you're sitting in your own home office, surfing the Internet for a gift.

You find the perfect item -- a designer scarf. But if that online merchant is based in a foreign country, your activity will be registered as a purchase abroad, and once again, your credit card may not work.

Credit card companies track their customers' card activity. A quick call to your issuer, alerting it to international purchases or travel, can clear the air.

Your Purchase Triggered Fraud Protection

Besides international purchases, certain "suspicious" activity can lock down your credit card. Sherry says purchasing items such as large electronics or jewelry may raise an alert.

"(These are) things that would be unusual and the things a thief would do if they got ahold of your card," says Sherry.

It may be a hassle to find your dream flat-screen television only to get denied at the register, but this is your credit card company's fraud protection program in action.

"Credit card issuers lose millions to fraud every year, so they're very sensitive when your spending pattern changes," says John Ulzheimer, president of consumer education at SmartCredit.com. "They just want to be sure it's a legitimate charge."

That's not to say these indulgences are off-limits to your credit card. You can still splurge on that diamond necklace -- just call your

credit card company and notify it of your purchase.

And if there is fraudulent activity, the issuer will disable your card and send you a new one. It won't close your account, and this will have no effect on your credit score, says Ulzheimer.

You've Reached Your Credit Limit

Your credit limit caps your spending on your credit card. Once you reach it, you're cut off. Track your spending and try capping it to below 30% of your credit limit to ensure you don't exceed it. Repeatedly going up to your credit limit could hurt your credit score.

The exception: "If you're a person who pays in full every month, these rules don't apply as much, (but) if you're running a balance month after month, it's going to trigger a detrimental credit score," says Sherry.

To keep your credit card in play once you've reached the limit, pay down your balance or request an increase to your credit limit.

Some credit cards also have per-day spending limits. To avoid freezes to your credit card, find out your daily maximum, and keep your purchases in line.

Info You Entered Doesn't Match Your Records

In your haste to purchase that dream espresso machine online, you may have mistyped your credit card number, expiration date, security code or other important identifying figures. An oversight as small as a mistyped or outdated billing address can also interfere with your credit card going through. If you're making an online purchase, give your information a quick second glance.

If you make this mistake just once, it won't freeze your account. "It will just restrict this purchase," says Sherry. But if you mess up your entry numerous times, "it might get rejected and go back to the credit card company, and it will freeze the account." This is all part of how credit card companies aim to stop fraud.

Sometimes the information doesn't match because you've changed addresses. Call your credit card company to verify your information. A mismatch can cause a hiccup in all purchases that require an address. Avoid future inconveniences by updating your profile with your new information whenever there's a change.

You've Missed Credit Card Payments

This is an obvious one, but if you've been too busy to realize you've fallen behind on payments, you must get caught up before your card will work again. The number of cycles you can go past due before your issuer shuts you down varies by credit card and by your history, but Ulzheimer says, as a general rule of thumb, the spottier your history, the shorter your leash.

"If you have a pretty decent history with the issuer, they may actually allow you to go a whole cycle past due before they shut you down," says Ulzheimer. "If you have a spotty history -- meaning you miss payments all the time -- you'll already be on a short leash, and they won't let you go past one cycle." Customers with a checkered history will need to pay off their past-due amount so they are no longer delinquent.

Missing your credit card payments will hurt you beyond simply having your credit card declined.

"If you're consistently delinquent, the limit could be lowered," says Nessa Feddis, vice president and senior counsel to the American Bankers Association. But again, treatment varies based on each customer's past behavior. "It's not like you'll miss one payment and you're cut off. It has to be sustained delinquency."

Your Credit Report Has Taken a Hit

Good standing with one credit card is not enough. Behind the scenes, issuers check in on your credit to see how you are performing in other parts of your credit life, says Ulzheimer.

"They're looking at your credit report to see if there's anything on the report that they feel makes you an unacceptable credit risk," he says. So even if you're current on one card's payments, your standing with that card could suffer if a new collection hits your

credit report or you default on another credit card.

While recent revisions to credit card laws have drawn some limits on how credit card companies can react to changes in your credit report, they can still pull your information from credit agencies as often as they like, and based on what they see, they can "determine if they still want to do business with you under those same terms" you signed up with, says Ulzheimer.

If you're a risky customer and your card issuer wants to make changes to your terms, such as your interest rate, it must provide a 45-day notice.

"If your credit history has declined, then your (credit) limit may be reduced," says Feddis.

Your Card Has Expired

When life gets hectic, you may forget to check the expiration date on your credit card. Or maybe you overlooked the new credit card sitting in that pile of mail you need to get through.

Your new card "may be coming in a very nondescript, antiseptic, benign envelope," says Ulzheimer. "Be careful not to throw it in the shredder."

Keep an eye out for your new credit card about three to six months in advance of your expiration date because by then, the issuer has made the decision of whether or not it wants to renew your account, says Ulzheimer.

If you can't find your new card, call your credit card company to make sure nobody is racking up fraudulent charges.

If your credit card company decided not to issue you a new card, you'll get a letter that explains your options for paying off your remaining balance.

You Forget to Pay Attention on a Trip

Is there a note in your recent-purchase list saying the issuer will put a hold for X amount on your account? That reminder should be a red flag for your wallet.

Your card can be declined if you have a pending hold on your account. "This often happens when people are on vacation and they've done two things within moments of each other: They've gotten a rental car ... and then they've just checked in to a hotel," says Melinda Opperman, senior vice president at Springboard Nonprofit Consumer Credit Management. Both of these activities put a hold on a certain portion of a card's limit.

Traveling and only using one card for your entire vacation can be problematic, especially if you could easily reach your limit. One or two big purchases or holds, and your card will be declined.

"A lot of people aren't aware of that, and they're caught off guard," says Opperman. "It can take several days for the hold to be released," which is why Opperman advises travelers to bring two credit cards. Switch off between them for hotels, rental car check-ins, dining and other expenses while you're away.



Another User Deactivated Your Card

If the primary cardholder made changes to the account without an authorized user's knowledge, the user's card could be declined. The cardholder may have reported his card lost or stolen, in which case the card issuer would typically deactivate all cards under that account while it sends a new one, says Opperman.

Passing along information about changes to your card's status is essential when sharing a credit card with others, especially if you're the primary cardholder making decisions that affect other users. Opperman says that sometimes primary cardholders fail to relay important decisions.

"Sometimes these authorized users will try to use their card, and then they'll find out, 'Oh my gosh, the cardholder removed me, or the card was deactivated and they didn't inform me.'" Like in any relationship, communication is key.

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