



# Card payment declined?

## It could be one of these 7 reasons

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**C**REDIT cards are an important part of a consumer's life these days. They give you the ability to pay for purchases even when you don't have the cash in hand. With demonetisation and the focus on digital payments, credit card issuance by banks is on the rise.

Coupled with the increase in card acceptance across the country, there has been a massive growth in transactions by old and new cardholders. But with this

increase, even the transaction decline rate has risen, sometimes causing inconvenience and embarrassment to cardholders and merchants. The option of paying by credit cards comes with some uncertainties, often pragmatic yet unforeseen. But it is useful to know why some transactions fail at the time of purchase:

**1 Insufficient spending limit/funds:** The most basic reason for transaction failures is a lack of funds. When you try to make a transaction that could push you over your credit limit, most issuers do not allow the transaction to pass through. It is advisable to pay attention to one's credit card statements and regularly make a significant payment of at least the minimum amount due else that cap could come up quicker than expected. Avoid exceeding your credit limit and be aware of the limits and payment terms. Certain credit cards do not allow revolving credit and any nonpayment could result in the card getting blocked.

**2 Invalid PIN:** Authentication is mandatory for online and EMV transactions and is a common reason behind transaction failures. Cardholders, especially the ones new to the ecosystem, enter the wrong PIN or

authentication value, resulting in a declined transaction. Hence, consumer education is important and banks are investing heavily in awareness initiatives to help cardholders understand e-transactions. Keying in the wrong PIN multiple times could result in blocking your card. One must change the PIN received by the bank and never share it with anyone or scribble it anywhere. It is also important to update one's contact details and communication address in the bank records to receive important updates regarding your account.

**3 Fraud risk management:** Banks and service providers have complex algorithms to monitor credit card behaviour and can highlight unusual patterns that may be associated with fraud or possible card theft. Credit card companies track their customers' card activity and certain "suspicious" activity can lock down your card. This is done in the interest of the cardholder to avoid misuse, but might result in situations where card transactions get declined. Cardholders should avoid odd spending patterns. For example, if the card is used a couple of times a week for small purchases and suddenly one makes 3-4 large purchases, the issuer may flag the activity as strange or potentially fraudulent and either block the card or call the customer for additional authentication. A cardholder should not start with a high-ticket purchase on a new card. Most importantly, one should read the terms and conditions properly and understand daily and weekly limits, as transactions will get declined if you cross them.

**4 Expired credit card:** Many people started using their cards as a result of demonetisation. Pulling out their credit card from the recesses of their storage, they would

have tried using it at a merchant outlet. But if the card has expired or the cardholder has overlooked the new credit card sent to him later, he/she would have faced a transaction failure.

**5 Delinquent account:** Sometimes, if a cardholder has not yet reached the credit limit but has missed some payments, the bank could still mark the account as delinquent and prevent the cardholder from spending until he/she clears dues. One should pay the outstanding amount in time and if there are disputes over some transactions, it is better to raise a chargeback than to stop paying. One should carefully review monthly statements for errors or fraudulent activity.

**6 International card transactions:** Making online purchases from a foreign company or spending overseas could also set off your bank's fraud alarm. While it might be tedious, giving the bank a heads-up before one makes a foreign transaction is probably the best bet. Today, there are mobile apps and solutions from banks that even allow a user to set spending limits and controls on his/her card.

**7 Temporary hold:** Sometimes, when one rents a car or makes a hotel reservation, the card might be on temporary hold, blocking your credit limit. Always ask whether a hold will be placed, how much and for how long, and factor that into balance calculations.

Above all, it is very useful to keep your card's customer service number handy so you can easily reach your bank if there is a problem. So, use your card carefully and sensibly.

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