

By EUGENE MAHALINGAM
eugenicz@thestar.com.my

Why you can't swipe your credit card

Don't let it ruin your holiday shopping

IT'S the holidays season! Chances are you're probably spending the last few remaining days leading up to Christmas buying presents.

However, here's a typically unfavourable (though not unfamiliar) scenario: You're at a payment counter with a bunch of stuff that you've bought for your family and friends. The line behind you is getting longer and the crowd is getting impatient for you to finish paying.

You hand over your credit card and then something totally embarrassing happens – your transaction is denied!

You don't know where to put your face, and it doesn't help that there are curious onlookers looking over your shoulder to see what's the hold-up.

There are a number of reasons why a person's credit card transaction is denied. The following are some examples why and what you can do about it.

Expired credit card

An expired credit card is often one of the most common reasons why the transaction is denied.

"The transaction can get cancelled when the credit limit appended to the card by the issuing bank has been exceeded," says Jeremy Tan, licensed financial adviser and syariah financial advisory for Excellentte Consultancy.

To prevent this from happening in future, pre-emptive action is obviously required, Tan says, so as to be able to keep track of spending to ensure the credit limit is within the amount assigned.

"If there is a requirement to expect higher ticket purchases, it would be advisable to inform the issuing bank of the intended purchase or even increase the limit on a temporary basis, like during the period of travel, especially when travelling overseas," he says.

Jason Alderman, a financial expert who authors online-based *Practical Money Skills for Life*, says one should always check one's credit card's expiration date.

"You should receive a replacement card several weeks beforehand. It's often mailed in a plain envelope, so be careful what you toss. If the new card doesn't arrive, contact the issuer to ensure it hasn't been stolen."

Hitting your credit limit

Exceeding your credit card's limit is another reason why the transaction is denied.

"For the sake of your credit score,



try to keep your overall and individual card credit utilisation ratios (credit available divided by amount used) as low as possible – ideally below 50%, or even 30%," says Alderman.

Tan says a solution is to have a second credit card as a back-up.

"Carry more than one card and if possible have both Visa and MasterCard credit cards," he says.

Suspicious activities

Alderman says banks and other credit card issuers have developed complex algorithms that track credit card behaviour and highlight unusual usage patterns commonly associated with card theft or fraud. "Unusual activities that jump out to card issuers include when you normally seldom use your card, but suddenly make several charges in one day."

He also says making multiple purchases at the same store (or website) within a few minutes of each other, or unusually a large purchase, such as major appliances,

furniture or jewellery can rouse suspicion.

"Alert your card issuer before making large purchases," says Alderman.

Banks also get suspicious when one small purchase is quickly followed by larger ones, he adds.

"Thieves will test the waters to see if a small purchase is denied; if it's not, they'll quickly run up major charges."

International purchases, whether online or while travelling, can also trigger credit card denials, adds Alderman.

"In fact, some card issuers automatically decline international transactions because of the high potential for fraud, so learn about your issuer's policy before attempting one," he says.

Other circumstances might include exceeding daily spending limits, making large purchases outside your geographic area or multiple out-of-town purchases in short succession, says Alderman.

"Always tell your card issuer when you'll be travelling. Some cards limit how much you can

charge per day, even if you have sufficient remaining credit."

Missing out on payments

Missing out on your credit card payments can cause it to get frozen.

"Card issuers may let this slide once or twice, depending on your history with them, but eventually if you don't make at least the minimum payment due, your card will probably be frozen," says Alderman.

Making unauthorised changes

He adds that making changes without alerting the issuing bank can also trigger a transaction denial.

"The primary cardholder made changes on the account and forgot to tell other authorised users. For example, reporting his or her card stolen, lowering credit limits or removing you from the account."



① A selection of credit and charge cards. An expired credit card is often one of the most common reasons why the transaction is denied.

② Alderman: "You should receive a replacement card several weeks before it expires."

③ Tan: "The transaction can get cancelled when the credit limit has been exceeded."