

58) PRE-AUTHORISATION OF CREDIT/DEBIT CARDS - The latest in a series of articles by Iain Gregory of Caithness CAB

And this is my first streamlined article to match the equally new Groat format. Fear not – the same level of information will always be there – just slightly compressed. A few years ago I was driving a rented Oldsmobile in backwoods USA and entered a town where a large notice at the city limits said “Take it Easy – Critters Crossing” and the speed limit signs had all suffered nasty cases of pellet rash. Clearly my sort of place and when I pulled in for Gas (14 gallons / \$13.86) I handed a \$20 bill to the attendant (after I woke him up) before I topped up, got my change, and headed off watching out for Critters and people in pickups with shotguns.

Paying in advance is normal in the US and some other countries, but not in the UK. You will have read of the outrage after ASDA decided to “run a trial” at certain outlets and a £99 “holding charge” was taken from motorists’ cards, no matter how little fuel they put in their tanks, if they “paid at the pump”. Other major retailers were, reportedly, intending to follow suit. After much adverse publicity this cunning plan has, for the time being anyway, come to a rapid halt. Personally I never pay at the pump or use self-service checkouts because I will not support anything that might lead to job losses, but this is a new and alarming development. So what is behind it?

Well, reports say that Visa and Mastercard had issued guidance to follow this “pre-authorisation” procedure to “make sure purchasers had enough money to pay for the fuel”, with the difference being refunded to the card “in minutes”. And, predictably, this led to many problems with some people finding that cash was not returned for up to three days. This raises numerous issues and I suspect that we need to keep a very careful eye on things to avoid it becoming a habit. For a start, let us say that you have £50 in your account and you want to buy £10 worth of fuel. No. Sorry. You do not have £99 so do without? What is the difference between “Pay at the pump” and a customer pressing the “Pay at Kiosk” button and then finding they have insufficient funds? And what if your account was pushed over the limit? What if insufficient funds were left to pay a vital bill?

When a retailer offers something for sale at a stated price – say petrol for £1.21 per litre – and you place the nozzle in your tank and fill up, then a contract exists and you must pay for the fuel at the stated price. Asking for a grossly inflated “holding charge” in advance strikes me as being wholly unacceptable and I can see legal challenges if it ever becomes common practice. Any retailer introducing same is likely to suffer a huge – and well deserved – drop in business and if anything fixes it then that will.

Remember, it’s your card and your money and do not let anyone forget that. And I am now going to a local garage, where no such nonsense exists, to buy £5 of petrol for my lawnmower thus ensuring domestic harmony as well as a neat lawn.