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[AARP Home](#) » [AARP Blog](#) » [AARP](#) » [Bulletin Today](#) » 6 Places Never to Use a Debit Card

6 Places Never to Use a Debit Card

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[BULLETIN TODAY](#) | [MONEY & SAVINGS](#)

Although both cards look the same, they offer different protections.

Under federal law, if your credit card is used to make unauthorized charges after it is lost or stolen, you're liable for only \$50 — no matter the amount and with no time restrictions to report the fraud. And many issuers won't even charge the \$50 for valued customers.

But with a debit card, you have just two business days to report an unauthorized loss or money transfer, or you could be liable for up to \$500. Wait more than 60 calendar days after your statement is mailed and you could be responsible for all money pilfered from its connected account.

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Although debit cards offer no-interest savings — which may factor for some plastic users — there are six places where you should never use them.

Gas Stations

In addition to ATM machines, gas pumps are a popular target for “skimming,” in which crooks place a portable card-reading device inside the pump. When a motorist inserts a debit card and enters the required personal identification number, the hidden device (which can be purchased on the Internet for less than \$100) captures both the data from the card's magnetic stripe and the PIN. Later, the device is retrieved, and the stolen data is used to create a duplicate card to raid the victim's bank account.

Why gas stations? With only a handful of manufacturers of gas pumps, one key in the hands of a thief who gets a job at one station can be used to open pumps and install other skimmers elsewhere, especially at night or when unattended. And with older pumps, PINs may not be encrypted. If you must use a debit card (and it has a Visa or MasterCard logo versus being a cash-withdrawal-only card), choose the “credit” screen prompt, instead of “debit,” so you don't have to enter your PIN. This way, the purchase amount will still be deducted directly from your bank account, but it's processed through a credit card network, providing greater protection if fraud occurs.

Online Purchases

Along with providing added security should the retailer fall victim to a data breach — a hacker can't overdraw your bank account with a credit card — *most* credit cards (versus *some* debit cards) offer extra protection perks. If you don't receive the merchandise, it's defective or the wrong item, and the vendor won't issue a refund, it's easier to [dispute charges](#) with a credit card.

Many credit cards also offer extended product warranties (usually for one year beyond what's offered by the manufacturer), and some provide price protection up to 90 days, issuing you the difference if the identical item is sold for a lower price than you paid. Although certain debit cards offer these protections, the hassle factor can be greater.

Big-Ticket Items

Rewards aside, the above-mentioned credit card perks are especially useful for expensive products, whether purchased in store or online.

Restaurants

Eateries are among the few places where a payment card can leave your sight, and crooked waiters can — and sometimes do — disappear to write down its number for possible identity theft. Even without a PIN, someone can use your card number to make fraudulent purchases online. And restaurants without sit-down service can pose a threat, since some (along with other businesses) keep customer payment information on file but may not safeguard it.

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Retail Stores

Several months ago the **FBI predicted an increase** in cyberattacks using sophisticated malware that specifically targets point of sale (POS) systems such as cash registers and card-swiping devices. It was this “memory-parsing” malicious software (also known as a “RAM scraper”) that was behind the well-publicized hacking of payment card information of some 110 million Target customers over the Christmas season — and responsible for nearly two dozen other attacks in the past year.

True, credit cards are also vulnerable in such POS attacks. But with more protections, credit card issuers always eat those losses (minus a possible \$50 cap) should your plastic be hacked. Depending on when you learn of and report fraudulent use of hacked debit card data, you could be on the hook from unauthorized activity.

When a Deposit Is Required

Risk of identity theft aside, credit cards are a wiser choice for transactions in which the final bill is uncertain — e.g., hotels, rental cars or even tools rented from a home improvement center. Reason: With a debit card, a “hold” can be placed on your account that may be greater than the expected bill, such as for hotel incidentals, including room service, or for a predicted failure to return a rental car without a full tank of gas. If this occurs, you could be denied access to the additional hold amount from your bank account until the final bill is tallied. With a credit card, hold amounts may initially appear as a pending charge until your final bill is paid, so it may not be debited until the final bill is paid. Gas stations also place holds on debit charges, which is another reason to use credit cards.

For information about other scams, sign up for the [Fraud Watch Network](#). You'll receive **free email alerts with tips and resources to help you spot and avoid identity theft and fraud, and gain access to a network of experts, law enforcement and people in your community who will keep you up-to-date on the latest scams in your area.**



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