

## What is provisional credit?

A provisional credit is a temporary credit applied to your debit card account. Provisional credits typically occur when your credit union is attempting to verify a charge on your account or resolve a credit error or potentially fraudulent charge made in your name. Credit Union's issue provisional credits as temporary measures while they investigate a payment issue or dispute.

## What triggers a provisional credit?

Different factors may trigger provisional credits, but they generally involve some form of dispute relating to a transaction.

Typical situations include:

- **Charge error:** A transaction that appears to be incorrect, such as a subscription you canceled, an unfamiliar purchase or double charges.
- **Fraudulent charge:** A transaction initiated by someone other than yourself without permission, such as in the case of **debit/credit card theft**.

In both cases, the credit union may apply a provisional credit to your account. Typically, this credit is equivalent to the total charge in question.

## How does a provisional credit work?

Typically, your credit union will correspond with the merchant's bank, and if deemed appropriate, an amount equal to the disputed charge will be applied to your account as a temporary credit.

A provisional credit is not always applied right away or with every investigation.

Sometimes, these investigations are complex, and the credit union needs extra time to resolve the charge.

## How long does provisional credit last?

A provisional credit should be available to you throughout the investigation extension. Your credit union will make the temporary credit permanent if it confirms that the charge was unauthorized or a mistake.

That said, you can't know for sure which decision your credit union will make or how long the investigation might take. Because of this, people may prefer to contact the merchant directly before notifying their credit union in the event of a dispute.

## **Can you spend a provisional credit?**

You can spend provisional credit just like any other money in your debit card account. Still, you should be careful. Your account could exceed its credit limit if the charge is deemed legitimate and the provisional credit is withdrawn.

What happens when you spend a provisional credit?

Spending provisional credit may be necessary at times, but it can be risky. For example, if you prematurely spend your provisional credit, you may find a negative account balance should the credit be revoked.

## **Can a provisional credit be reversed?**

Provisional credits are not always permanent and can later be reversed. The credit union will revoke the credit if they determine the charge in question was legitimate. If it decides the charge was fraudulent or an error, the credit will be permanent.

You might avoid a provisional credit reversal by providing documentation that proves the charge was an error or fraudulent. Note that dissatisfaction with a purchased product or services may qualify as a "charge error." However, it may not always be enough to justify a credit union's decision to keep the provisional credit.

## **In summary**

Provisional credit acts as a holding measure for accountholders when transaction disputes arise. Still, provisional credits are not issued in every investigation into charge errors or potentially fraudulent charges. They exist to provide customers with a temporary resolution while allowing credit union's time to investigate the dispute.

That said, it makes sense to approach provisional credit carefully. Consistent, open communication with your credit union can help make the most of provisional credit when it's available.