

Why You Should Never Use a Debit Card to Pay for Anything

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Banks love to pitch debit cards as a way to avoid spending money you don't have. But there are many reasons why you should never use a debit card as a form of payment, as tempting as it may be.

In this article, we'll take a look at the dangers of debit cards and their hidden costs. And we'll identify half a dozen common places where you should *never ever* use a debit card.

Understanding the Dangers of Debit Cards

Debit cards, which are tied to your checking account, let you make purchases while avoiding the interest charges you might face if you used a credit card.

But there's a big problem: What happens if a criminal compromises your debit card?

"Then you have no money to pay your mortgage, your car loan or to buy gas or food, among other things," [money expert Clark Howard](#) says. "Your checks start bouncing and, depending on your bank or credit union, the institution may not cover the bounced check charges that result from debit card fraud."

Let's take a close look at a couple of inherent flaws in the DNA of debit cards.

Debit Card Dangers: Table of Contents

- [Debit Cards vs. Credit Cards: Consumer Protections](#)
- [The Hidden Cost of Debit Cards](#)
- [How Clark Howard Uses His Debit Card](#)
- [Places You Should Never Use a Debit Card](#)

Debit Cards vs. Credit Cards: Consumer Protections

A debit card doesn't have the same legal protections that a credit card does.

Here's a look at the basic protections and consequences of what happens in cases of debit card fraud vs. credit card fraud, courtesy of the [Federal Trade Commission](#).

Debit Card Fraud:

- You're responsible for a maximum of **\$50** of unauthorized transactions if you report the card as lost or stolen *within two business days*.
- Didn't report the fraud within two days? Your maximum burden goes up to **\$500** if someone uses your physical debit card without your permission — *if* you report the fraudulent charges within 60 days after your statement is mailed to you.
- Didn't make that 60-day window to report fraud? You face **potential unlimited damage** if someone uses your ATM or debit card without your permission.

Those are some pretty strict guidelines you have to meet for getting protection when you regularly use a debit card, right?

Contrast that with the level of protection you get when you use a credit card:

Credit Card Fraud:

- You are *not* responsible for unauthorized charges under federal law if your credit card number is stolen.
- You won't be held liable for more than **\$50** in unauthorized charges if your actual card is stolen.

Clearly you get a lot more leeway when you use a credit card vs. a debit card!

The Hidden Cost of Debit Cards

Unfortunately, the lack of consumer protections when you pay with a debit card isn't the only potential pitfall.

Consider this: The banking industry pushes debit cards as being almost equivalent to cash. But there's a psychological factor the banks are missing here, according to Clark.

“There's a completely different psychological thing with cash than with card,” the consumer champ says. “If I go somewhere and spend a \$1 bill, it's gone, right? I've got to come up with another one to have more.”

“There's a sense of finite-ness with physical cash that you don't have with a piece of plastic,” Clark notes.

For this reason, going cash-only is much more likely to help you get your spending under control than using any kind of plastic — be it debit or credit.

How Clark Howard Uses His Debit Card

Just in case you're wondering: Yes, Clark does use a debit card!

But he uses it only to withdraw cash from ATMs. He never uses his debit card for point-of-sale (POS) purchases at the register.

“If you've had trouble making sure you have more money than month, and if you know you have not been able to discipline yourself with spending, then nothing beats going cash only,” Clark says.

6 Places You Should Never Use a Debit Card

You should never even think about using a debit card in any of these situations:

1. **Buying airline tickets** – Lots of things can go wrong when flying the “friendly” skies — up to and including your airline going bust. For example, travelers who booked on Wow Air using a debit card had no way to get their money back when the airline went out of business in 2019.
2. **Using independent ATMs** – You increase your risk of becoming a victim of skimmers if you use unbranded ATMs. While skimmers can be found on bank ATMs, too, they're less likely because there are often security cameras in place.
3. **Paying at the pump** – When you swipe your debit card at the gas pump, the station usually puts a \$1 hold on your account to validate the account.

Sometimes that amount is a lot more than a dollar and the hold lasts more than a few hours. That scenario could cause you to overdraft the account. If you must pay with debit at a gas station, go inside and pay at the cashier to avoid this.

4. **Buying online** – A credit card is a much better option when buying anything online. If you don't get your merchandise or something else goes wrong with the transaction, you can do a chargeback during a 60-day window and get your money back from the bank that issued your card.
5. **Dining out** – Because there is such high turnover at some restaurants, you run the risk of a dishonest employee getting access to your digits.
6. **Purchasing appliances** – Many credit cards will double the manufacturer's warranty on products purchased with the card, giving you extra peace of mind when you're making a large purchase. Debit cards certainly won't do this!

Final Thought

Debit cards are full of hidden dangers for your wallet.

We know giving up debit completely is not for everyone. Maybe you're saying right now that it would be next to impossible for you to stop using this kind of plastic. In that case, you should at least take one additional step to protect yourself.

Open a second account and tie your debit card to that account. Then fund the second account only with money that you plan to use for debit card activity. That way, your principal checking account won't be at risk even if your debit card or card number falls into the wrong hands.