



Important guidance regarding a reservation cancellation

Reservations and their cancellation represent a key business activity for hotels. This document contains important guidance about this subject and provides hotel-owners and their staff with information about the various activities and roles of all parties involved.

A hotel can book a reservation to a guest's card. This means that the amount concerned is temporarily blocked on the card and the spending limit reduced by this amount. Making a reservation does not actually charge the amount to the card – the hotel does not book or charge the total amount to the card until check-out.

Types of credit card transaction

Reservation

The amount is **not** definitively charged to the card or the card account. All that happens is that the spending limit on the card in question is temporarily reduced. This means that the cardholder cannot make other use of the amount concerned so long as the reservation is active.

Purchase

The amount is definitively charged to the card and deducted from the spending limit.

Reservation cancellation

The reservation and/or reservation number is deleted by the acquirer (e.g. SIX Payment Services). A cancellation request is sent to the card-issuing bank at the same time to have the amount deleted from the card and the spending limit reset. The cardholder can now otherwise use the amount that had been reserved within the spending limit, provided if this function is supported by the card-issuing bank.

Parties involved in cashless payments

1. Cardholder

(e.g. Mr Miller, hotel guest)

2. Hotel

(e.g. Hotel Gipfelblick in Bern)

3. SIX Payment Services

Hotel's contract and settlement partner (acquirer)

– Provides the infrastructure for handling cashless payments

4. Bank

Card-issuing bank and contractual partner of the cardholder (issuer)

– Issues cards to cardholders

– Acts as contractual partner and point of contact for cardholders

– Cancels reservations on cardholder cards

Competencies in reservation cancellation

Only the card-issuing bank can delete a reservation that has been made on the card and reset the spending limit. This is because only the card-issuing bank is the cardholder's contractual partner and has access to his card account.

The reservation is automatically deleted from the card-issuing bank's system after a certain period of time. This period is set by the card-issuing bank and may vary.

SIX Payment Services itself cannot cancel a reservation; it can only pass on the corresponding request to the card-issuing bank.

Reservation cancellation process by the hotel; 2 options

- A) Hotel cancels the reservation directly at the SIX terminal.
- B) – Hotel submits the request for the reservation to be cancelled by SIX.
 - SIX transmits the hotel’s reservation deletion request to the cardholder’s card-issuing bank. SIX does not confirm any transmitted reservation cancellations.
 - The card-issuing bank deletes the hotel reservation if it supports this function.

Text messages to cardholders

Some card-issuing banks offer to send their cardholders text messages notifying them of any card transactions. If a cardholder has activated this service, it is possible that he will receive a text message in the case of a reservation as well, even if nothing has actually been charged to the card. In many cases, card-issuing banks notify cardholders of every authorisation and reservation.

Direct debit cards

In some countries, the credit card is a direct debit card under which the amount is debited from the customer’s bank account immediately. Depending on the banking system concerned, this may also be case when reservations are made – the reconciliation between reservation and effective booking only takes place a couple of days after the booking. Neither the hotel nor SIX as acquirer has an influence on this process.

Direct debit cards do not differ visually from “common” credit cards.

Best practice/tip

Complete a booking after a reservation

Where a hotel has made a reservation, it is recommended that a booking be made after the reservation. Otherwise the reservation remains intact and can incur costs.

Procedure at the terminal

1. When checking in:
 - select the booking type “reservation” and scan in the guest’s card at the terminal.
2. During the guest’s stay at the hotel:
 - if required, carry out “reservation updates” by entering the PAN token and PAN token expiry date.
3. When checking out:
 - carry out booking type “reservation booking” by entering the PAN token and PAN token expiry date. Always offer your international guests DCC (dynamic currency conversion).

Cardholder questions

Cardholders have a contractual relationship governing use of the card with their card-issuing banks. Among other things, this includes reservation cancellation. If they have any questions in this regard, cardholders should therefore contact their card-issuing bank as only they can cancel reservations. The telephone number to use is shown on the reverse of most cards.

SIX Payment Services has a contractual relationship with the merchant/hotel, but not with the cardholder.

Your local point of contact can be found at: www.six-payment-services.com/contact

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