

DEBT COUNSELLING FREQUENTLY ASKED QUESTIONS

1. What is debt counselling?

Answer: Debt counselling is one of the debt relief measures available to South Africans and provided for in the National Credit Act. This process is intended to assist over-indebted consumers struggling with debt, through budget advice, negotiation with credit providers for reduced payments and restructuring of debts. It is not a savings mechanism. Do not be fooled by being told that you will save up to 60% of your monthly income.

2. Is Debt Counselling and Debt Review the same thing?

Answer: Yes, the terms are used interchangeably.

3. Who is eligible to go under debt counselling?

Answer: Any consumer experiencing or is likely to experience debt-related problems and is having difficulty making his/her current monthly payments. A consumer who is over-indebted may approach a debt counsellor directly, or may be referred to a debt counsellor by his/her creditor/s, the magistrate court or the National Credit Regulator. The consumer must choose his own Debt Counsellor and should also have a distributable income which will be used to offer reduced payments to the credit providers.

4. Must Debt Counsellors be registered? Where can I check my Debt Counsellor or potential Debt Counsellor is registered?

Answer: Yes, all debt counsellors must be registered with the National Credit Regulator. You can check on the NCR's website under Debt Counselling – search for a debt counsellor.

5. Can I apply for debt counselling whilst under Administration?

Answer: No, the administration order must first be rescinded by the magistrates court where it was granted before you can apply for debt counselling.

6. How much does debt counselling cost?

Answer: There are set fees as per the fee guideline from the National Credit Regulator that consumers should be charged. Debt counsellors are not allowed to charge above the set fees: <https://www.ncr.org.za/documents/debt%20counselling%20fee%20structure%20guideline.pdf>

7. How do I make payments when I am under debt counselling?

Answer: A consumer who is under debt counselling can make payments through a registered Payment Distribution Agent (PDA) or make payments directly to credit providers. A consumer may not make any payments, except the R50.00 debt counselling application fee, directly to the Debt Counsellor. Debt Counsellors are prohibited from collecting and distributing debt counselling funds to credit providers.

8. What is the role of a Payment Distribution Agent (PDA)?

Answer: The role of the PDA is to:

- receive and store a Debt Review repayment plan from a

registered Debt Counsellor;

- to execute the collection of the debt repayment instalment from the consumer on the agreed date;
- to pay credit providers as instructed in the plan;
- to report on the collections and payments to the consumer; and
- to provide the necessary support to consumers, debt counsellors and credit providers.

9. Once under debt counselling, can a consumer change a debt counsellor if they are unhappy with the current one or if the debt counsellor is not contactable?

Answer: Yes, the consumer can change the debt counsellor by looking for a new debt counsellor. The new debt counsellor will take over the file from the previous debt counsellor and continue from where he/she left off. The consumer is not required to pay the new debt counsellor fees which were already paid before to the previous debt counsellor, except for the after-care fees which are due to the new debt counsellor.

10. If under debt counselling, and a consumer experiences a change in circumstances (e.g. temporary loss of income, salary reduction, retrenchment of partner etc.), can they get assistance from their credit providers regarding the change in their circumstances affecting their current budget?

Answer: The debt counsellor must follow the guidelines issued by the National Credit Regulator regarding Change in Circumstances. In this process, the debt counsellor negotiates new or interim terms with the credit providers to allow for the change in circumstances. Please see below link for the guidelines: <https://www.ncr.org.za/documents/debt%20counselling%20fee%20structure%20guideline.pdf>

11. If a consumer feels like they have been put under debt counselling without their consent, who should they contact?

Answer: Consumers should contact the National Credit Regulator to lodge a complaint. The NCR will investigate the matter.

12. Can I apply for debt counselling without consent from my spouse?

Answer: Consumers married in community of property (COP) cannot apply for debt counselling without consent from their spouse; only those married out of community of property can do so. If married in COP, a joint debt counselling application is necessary.

13. Once under debt counselling, can one simply exit the programme before settling one's debts?

Answer: No. You can only exit debt counselling by paying off all your debt obligations and obtaining a clearance certificate. This can be achieved if all your short term debts are settled and if there is a home loan account it has to be up to date in terms of the debt counselling re-arrangement order before a clearance certificate is issued.

For further information, contact info@ncr.org.za



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For help or advice, call the NCR on 0860 627 627

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