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Know your rights - Do not to pay any upfront fees when applying for loans

The National Credit Regulator (NCR) has embarked on a consumer rights month campaign in support of the World Consumer Rights Day (WCRD) which is on the 15th March annually. The international theme for 2018 is 'making digital marketplaces fairer', says Obed Tongoane, Deputy CEO at the NCR.

In terms of the National Credit Act (NCA) as amended, all credit providers must register with the NCR before granting credit to consumers. It is rather sad that some credit providers or sometimes 'fake' credit providers who operate online cheat unsuspecting consumers of their hard earned money. This normally happens to consumers who are 'blacklisted' and cannot get credit from banks and other formal institutions. 'Blacklisted' is a term used by the general public to describe an adverse listing, judgment listing or an administration order listing on the consumer's credit report at the credit bureau. In simple terms, it is a negative listing that will adversely affect a consumer when they apply for credit.

Online scammers take advantage of such consumers (blacklisted) because they know that they have nowhere else to go. A fake credit provider is one that is not registered with the NCR, uses a legitimate credit provider's registration number and the listed business premises on its website does not exist.

In line with the 2018 international theme, consumers should not make any upfront payment to credit providers when applying for a loan. It is unlawful for credit providers to charge consumers any upfront fees. An upfront fee is a payment that some credit providers charge consumers before granting them loans. "If you have paid an upfront fee to a fake credit provider, you need to open a criminal case with the South African Police Service", says Tongoane. Consumers should be wary of this as most fake credit providers who operate online charge consumers this fee. Consumers will not be able to get their money back as most of these credit providers are fake and therefore, do not exist in the real world.

"In terms of debt counselling, consumers should take note that debt counselling is not a savings mechanism as it is made out to be by some debt counsellors who promise consumers savings of up to 60% of their monthly instalments, says Tongoane. He says that it was never in the spirit of the NCA to make debt counselling a savings mechanism. It is rather a debt relief measure for over-indebted consumers so that they are able to pay all their credit providers with their current income and also be able to afford their living expenses such as food, transport, school fees etc. And most importantly, consumers will not lose their assets as long as they continue paying whilst under debt counselling.

Consumers who receive calls from debt counsellors and debt counselling companies promising them savings on their monthly instalments, breaks from their monthly instalments or anything that is too good to be true, should know that it probably is, adds Tongoane. Consumers should avoid giving those debt counsellors or their call centre agents their identity numbers and their banking details telephonically. "Remember, you cannot be

placed under debt counselling without your consent and without an identity number”, says Tongoane. So, it will be difficult for debt counsellors to place consumers who do not want to be placed under debt counselling without their identity numbers and consent.

Consumers who feel that they have been placed under debt counselling without their consent should contact the National Credit Regulator for assistance. Remember your telephonic consent is after all a legitimate consent. Therefore, do not agree telephonically if you are not sure.

Ends

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